

NAVAL POSTGRADUATE SCHOOL MONTEREY, CALIFORNIA



THESIS

**AN ANALYSIS OF THE ROLE OF THE JOINT
CHIEFS OF STAFF IN THE REQUIREMENTS
GENERATION AND RESOURCE ALLOCATION
PROCESS WITHIN THE DEPARTMENT OF
DEFENSE**

by

Gabriel R. Salazar

June, 1996

Principal Advisor:
Associate Advisor:

Jerry L. McCaffery
John E. Mutty

Approved for public release; distribution is unlimited.

19960805 013

DTIC QUALITY INSPECTED 1

REPORT DOCUMENTATION PAGE			Form Approved OMB No. 0704-0188	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington DC 20503.				
1. AGENCY USE ONLY (Leave blank)		2. REPORT DATE June 1996.		3. REPORT TYPE AND DATES COVERED Master's Thesis
4. TITLE AND SUBTITLE 5. AN ANALYSIS OF THE ROLE OF THE JOINT CHIEFS OF STAFF IN THE REQUIREMENTS GENERATION AND RESOURCE ALLOCATION PROCESS WITHIN THE DEPARTMENT OF DEFENSE			5. FUNDING NUMBERS	
6. AUTHOR(S) Gabriel R. Salazar				
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey CA 93943-5000			8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)			10. SPONSORING/MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.				
12a. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution is unlimited.			12b. DISTRIBUTION CODE	
13. ABSTRACT (maximum 200 words) This thesis examines the role of the Joint Chiefs of Staff in the requirements generation and resource allocation process within the Department of Defense (DoD). The Joint Chiefs of Staff's role and particularly that of the Chairman in the Planning, Programming, and Budgeting System (PPBS) continues to evolve and has become not only more critical but more visible due to the end of the Cold War and the subsequent DoD drawdown. This thesis will identify the changes that have occurred to this process from the early years prior to 1960, through the McNamara era and the introduction of the Planning, Programming, and Budgeting System, and the changes that occurred as a result of the Goldwater-Nichols Defense Reorganization Act of 1986. The role of the Joint Chiefs of Staff will be examined in each of these periods and a detailed explanation of the current process will be given. Additionally, the role of the Chairman and of the Joint Requirements Oversight Council and their growing influence over the PPBS will be investigated. Finally, this thesis will describe the emerging Joint Warfighting Capability Assessment process and its role in resource allocation for national defense.				
14. SUBJECT TERMS Joint Chiefs of Staff, PPBS, Resource Allocation, Joint Requirements Oversight Council, JCS, JROC.			15. NUMBER OF PAGES 80	
			16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UL	

Approved for public release; distribution is unlimited.

**AN ANALYSIS OF THE ROLE OF THE JOINT CHIEFS OF STAFF IN
THE REQUIREMENTS GENERATION AND RESOURCE ALLOCATION
PROCESS WITHIN THE DEPARTMENT OF DEFENSE**

Gabriel R. Salazar
Commander, United States Navy
B.B.A., University of Texas at Austin, 1979

Submitted in partial fulfillment
of the requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

NAVAL POSTGRADUATE SCHOOL

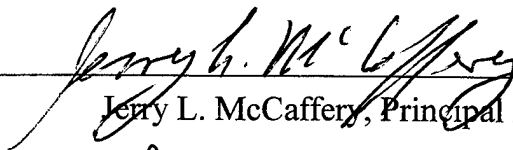
June 1996

Author:

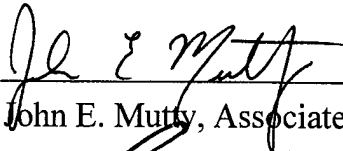


Gabriel R. Salazar

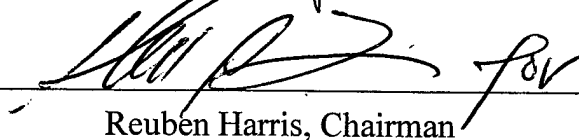
Approved by:



Jerry L. McCaffery, Principal Advisor



John E. Mutty, Associate Advisor



Reuben Harris, Chairman

Department of Systems Management

ABSTRACT

This thesis examines the role of the Joint Chiefs of Staff in the requirements generation and resource allocation process within the Department of Defense (DoD). The Joint Chiefs of Staff's role and particularly that of the Chairman in the Planning, Programming, and Budgeting System (PPBS) continues to evolve and has become not only more critical but more visible due to the end of the Cold War and the subsequent DoD drawdown. This thesis will identify the changes that have occurred to this process from the early years prior to 1960, through the McNamara era and the introduction of the Planning, Programming, and Budgeting System, and the changes that occurred as a result of the Goldwater-Nichols Defense Reorganization Act of 1986. The role of the Joint Chiefs of Staff will be examined in each of these periods and a detailed explanation of the current process will be given. Additionally, the role of the Chairman and of the Joint Requirements Oversight Council and their growing influence over the PPBS will be investigated. Finally, this thesis will describe the emerging Joint Warfighting Capability Assessment process and its role in resource allocation for national defense.

TABLE OF CONTENTS

I. INTRODUCTION	1
A. PURPOSE	1
B. BACKGROUND.....	1
C. METHODOLOGY	3
D. SCOPE LIMITATIONS.....	3
E. THESIS OUTLINE	3
II. BACKGROUND ON RESOURCE ALLOCATION AND BUDGETING FROM A JOINT PERSPECTIVE	5
A. HISTORICAL PERSPECTIVE OF THE JOINT STAFF AND THE RESOURCE ALLOCATION PROCESS.....	7
1. The Early Years (1947-1960).....	7
2. The Introduction and Evolution of the PPBS Process	9
3. The Goldwater-Nichols Defense Reorganization Act and its Effect on the Joint Chiefs of Staff.....	13
B. THE EXPANDING ROLE OF THE FORCE STRUCTURE, RESOURCES, AND ASSESSMENT (J-8) DIRECTORATE.....	15
1. The Requirements, Assessments, and Integration Division.....	17
2. The Program and Budget Analysis Division.....	17
C. SUMMARY	18
III. THE JOINT ERA OF RESOURCE ALLOCATION.....	19
A. THE JOINT CHIEFS OF STAFF'S NEW ROLE IN REQUIRE- MENTS GENERATION AND RESOURCE ALLOCATION	19
B. PPBS: THE PLANNING PHASE.....	20
1. JSPS/PPBS Linkage Within the Planning Phase	23
2. The Chairman's Role in the Planning Phase of PPBS	25
3. The Defense Planning Guidance.....	27
4. The Integrated Priority Lists and the CinCs Input into the Planning Phase	28

5. The Defense Planning and Resources Board	29
C. PPBS: THE PROGRAMMING PHASE.....	31
1. The Program Objectives Memorandum	32
2. The Future Years Defense Program	32
3. The Program Review Cycle	34
4. The Role of the Chairman of the JCS in the Programming Phase	35
D. PPBS: THE BUDGETING PHASE.....	38
1. The Budget Estimate Submission	39
2. The Budget Review.....	39
3. The Role of the Chairman of the JCS in the Budgeting Phase	40
E. SUMMARY	42
IV. THE JOINT WARFIGHTING CAPABILITY ASSESSMENT PROCESS AND THE JOINT REQUIREMENTS OVERSIGHT COUNCIL	45
A. THE JOINT REQUIREMENTS OVERSIGHT COUNCIL.....	46
1. The Origins of the Joint Requirements Oversight Council.....	46
2. The Recent History of the JROC	50
3. The Current JROC Process	53
B. THE JOINT WARFIGHTING CAPABILITY ASSESSMENT PROCESS	55
C. SUMMARY	58
V. CONCLUSIONS AND FINDINGS.....	61
A. RECENT IMPLICATIONS OF THE JROC SYSTEM.....	63
B. CONCLUSIONS.....	64
LIST OF REFERENCES	67
INITIAL DISTRIBUTION LIST	69

LIST OF ACRONYMS

BES	Budget Estimate Submission
CG	Chairman's Guidance
CinC	Commander in Chief
CJCS	Chairman of the Joint Chiefs of Staff
CNO	Chief of Naval Operations
CPA	Chairman's Program Assessment
CPR	Chairman's Program Recommendations
CSA	Chief of Staff of the Army
CSAF	Chief of Staff of the Air Force
DAB	Defense Acquisition Board
DEPSECDEF	Deputy Secretary of Defense
DoD	Department of Defense
DoN	Department of the Navy
DPG	Defense Planning Guidance
DPP	Defense Program Projection
DPRB	Defense Planning and Resources Board
DRB	Defense Resources Board
FY	Fiscal Year
FYDP	Future Years Defense Program
GAO	General Accounting Office
IPL	Integrated Priority List
J-6	Operational Plans and Interoperability Directorate
J-8	Force Structure, Resources, and Assessment Directorate
JCS	Joint Chiefs of Staff
JMA	Joint Mission Area
JPD	Joint Planning Document
JRMB	Joint Requirements and Management Board
JROC	Joint Requirements Oversight Board

JSCP	Joint Strategic Capability Plan
JSPS	Joint Strategic Planning System
JSR	Joint Strategy Review
JWCA	Joint Warfighting Capabilities Assessment
MBI	Major Budget Issue
MFP	Major Force Program
MILCON	Military Construction
MNS	Mission Need Statement
MOP	Memorandum of Policy
MRC	Major Regional Contingency
NMSD	National Military Strategy Document
NSC	National Security Council
O&M	Operations and Maintenance
OMB	Office of Management and Budget
OSA	Office of Systems Analysis
OSD	Office of the Secretary of Defense
PAED	Programming Analysis and Evaluation Directorate
PB	President's Budget
PBAD	Program and Budget Analysis Division
PBD	Program Budget Decision
PDM	Program Decision Memorandum
PE	Program Element
POM	Program Objectives Memorandum
PPBS	Planning, Programming, and Budgeting System
PRG	Program Review Group
RAID	Requirements, Assessments, and Integration Division
R&D	Research and Development
SECDEF	Secretary of Defense
TOA	Total Obligational Authority
VCJCS	Vice Chairman of the Joint Chiefs of Staff

I. INTRODUCTION

A. PURPOSE

The purpose of this thesis is to conduct an analysis of the role of the Joint Chiefs of Staff (JCS) in the requirements generation and resource allocation process within the Department of Defense (DoD). The Joint Chiefs of Staff's role and particularly that of the Chairman in the Planning, Programming, and Budgeting System (PPBS) continues to evolve and has become not only more critical but more visible due to the end of the Cold War and the subsequent DoD drawdown.

This thesis will identify the changes that have occurred to the requirements generation and resource allocation process within the Department of Defense from the early years prior to 1960, through the McNamara era and the introduction of the PPBS, and the changes that occurred as a result of the Goldwater-Nichols Defense Reorganization Act of 1986. The role of the Joint Chiefs of Staff will be examined in each of these periods and a detailed explanation of the current process will be given. Additionally, the role of the Chairman and of the Joint Requirements Oversight Council and their growing influence over the PPBS will be investigated. Finally, this thesis will describe the emerging Joint Warfighting Capability Assessment process and its role in resource allocation for national defense.

B. BACKGROUND

The formulation of the Department of Defense after the end of World War II had little affect on the resource allocation process for national defense. The individual services had maintained considerable autonomy in the budget formulation process to meet their stated missions. Each service specialized in particular mission areas, and each service grew accustomed to receiving a proportional share of the defense budget to

procure the weapons systems they felt would best enable them to execute these missions. Little emphasis was placed on interoperability and joint warfare concepts, and with the exception of a few relatively minor skirmishes in roles and missions definition, the services seemed content with the status quo.

With the passage of the Goldwater-Nichols Defense Reorganization Act of 1986, the Chairman of the Joint Chiefs of Staff assumed the role of sole spokesman for the uniformed services. His powers and those of the unified Commander in Chief's (CinC's) were expanded. But these changes became evident only in operationally oriented areas. Little emphasis was placed on budgetary issues as the services were still benefiting from the Reagan era defense build up that resulted in more than doubling of their budget authority in the span of five years (i.e., \$131.4 billion in 1980 to \$274.3 billion in 1985).

With the end of the Cold War and the subsequent reduction of U.S. forces, the Defense budget decreased significantly. The procurement of new weapons systems declined dramatically, from a high of over \$129 billion at the height of the Reagan buildup to a projection of less than \$39 billion in Fiscal Year (FY) 1997. Previous roles and missions once thought secure by the individual services now became the object of inter-service bickering as the services sought additional sources of funding.

A significant outcome of both the Goldwater-Nichols Defense Reorganization Act of 1986 and the reduced Department of Defense budgets is the Chairman of the Joint Chiefs of Staff having a greater influence in determining how resources are distributed for national defense. This is evidenced by the emergence of the Joint Requirements Oversight Council and the Defense Planning and Resources Board both playing a vital role in resource distribution between the services. The introduction of the Joint Warfighting Capability Assessment (JWCA) process has also crossed service lines to improve the analysis of future required capabilities. This study will focus on this evolving process of JCS resource allocation and how it influences U. S. defense policy.

C. METHODOLOGY

This research was initiated with a review of available literature on the role of the Joint Chiefs of Staff in the resource allocation process, including applicable directives and publications, and the current Title 10 U. S. Code. The primary source of data for the thesis was an extensive series of interviews conducted with members of the Force Structure, Resources, and Assessment Directorate (J-8) of the JCS during a one week period at the Pentagon. The information provided by the interviews, in conjunction with numerous current working policy and position papers and Flag level briefs that were made available, formed the foundation of the research information gathered.

D. SCOPE LIMITATIONS

This purpose of this thesis is to analyze the role of the Joint Chiefs of Staff in the requirements generation and resource allocation process. The body of the thesis focuses on their role in the Planning, Programming, and Budgeting System and the emergence of the Joint Requirements Oversight Council and Joint Warfighting Capability Assessment process.

This thesis did not examine how each individual service interacted with the JCS in developing service programs and budgets. Additionally, the requirements generation process of the unified CinCs and of the individual services is not presented.

E. THESIS OUTLINE

This thesis consists of a historical overview of the resource allocation process within the Department of Defense with particular emphasis on the role of the Joint Chiefs of Staff. This is followed by a detailed examination of each phase of the Planning, Programming, and Budgeting System and the significant role the Chairman has now

assumed in this process. Finally, an examination of the evolving Joint Warfighting Capability Assessment process and its interaction with the Joint Requirements Oversight Board will be presented. Findings and conclusions are presented in the last chapter as are recommendations for further study.

II. BACKGROUND ON RESOURCE ALLOCATION AND BUDGETING FROM A JOINT PERSPECTIVE

Prominent on a wall in the office of the Marine Colonel serving as Chief of the Requirements, Assessments, and Integration Division (RAID) of the Force Structure, Resources, and Assessment Directorate (J-8) of the Joint Chiefs of Staff is a sign that reads "It's the Budget, Stupid." Reminiscent of a similar sign Democratic political strategist James Carville used to focus the Clinton campaign's war room on the economy of the nation as the pivotal issue of that successful 1992 presidential campaign, so is this the focus of this increasingly important directorate of the Joint Staff. Every major decision involving the allocation of what has become extremely scarce Department of Defense (DoD) resources available for the services to equip and train their forces is affected by "The Budget." As critical as the requirements generation process is in the acquisition and modification of major weapons systems, the affordability issue has become the dominant factor as to their successful fielding.

The significance of the resource allocation process is even more crucial in these days of post Cold War diminished defense budgets. With the defense budget set at \$264.7 billion for Fiscal Year 1996, the ability of the United States to meet its basic strategic requirement as set forth by the current administration of fighting two major regional contingencies (MRCs) is in jeopardy. Without an increase in the defense budget, the military must either be reduced in size, thereby rendering this strategy unobtainable or operations and maintenance accounts must be significantly reduced resulting in a hollow force similar to the 1970s, according to Defense Secretary William Perry. [Ref. 1, p.40]

What concerns Perry to an even greater extent is the consequential notable drop in the DoD recapitalization budget. The DoD procurement budget trend is depicted in Figure 1. With the current DoD procurement budget plummeting from a high of \$129 billion in 1985 at the height of the Reagan build-up to an anemic \$39 billion for FY1997, weapon systems are not being replaced prior to obsolescence or at the rate required to keep the U. S. military equipped to meet its required missions in the next decade.

Procurement Trend

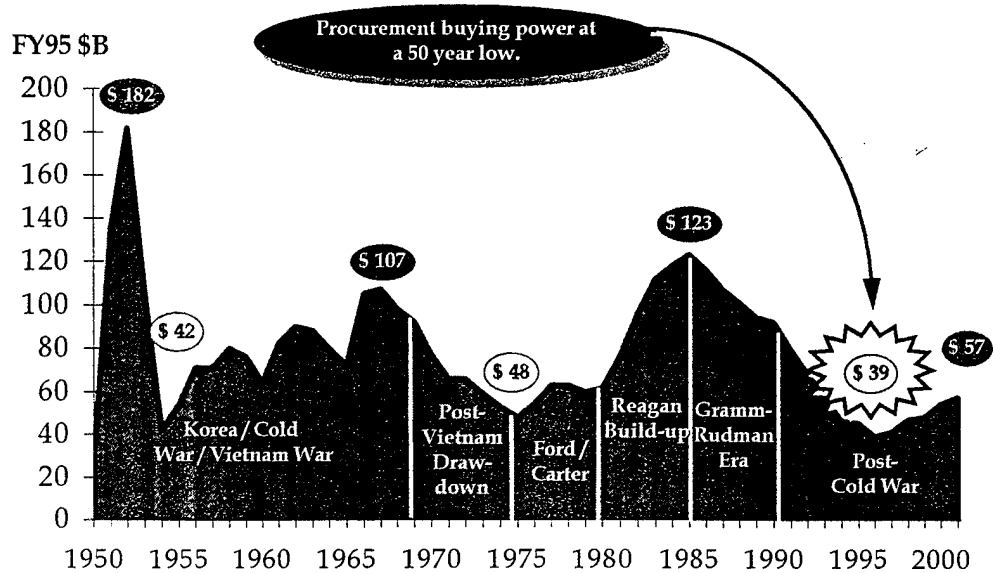


Figure 1. The Department of Defense procurement budget trend. [From Ref. 2]

Secretary Perry is refusing to repeat the 1970's strategy of cutting operations and maintenance funding which resulted in a hollow force that was large on paper, but lacked the ability to deploy quickly in an emergency. [Ref. 1, p.41]

The Department of Defense has adapted its resource allocation process to this post Cold War era through a refinement of the Planning, Programming, and Budgeting System (PPBS) first introduced over three decades ago. With these austere DoD budgets, what was once a "free for all" competition between the individual services for defense dollars, with each service intent on maximizing its spending authority and weapon system acquisitions, is now becoming a focused, single voice of the Joint Chiefs of Staff with regards to procurement decisions.

This chapter will focus on the evolutionary change of the requirements generation and resource allocation process within the Department of Defense from the early years prior to 1960, through the McNamara era and the introduction of the PPBS, and the changes that have occurred since the Goldwater-Nichols Defense Reorganization Act of 1986. Specifically, the role of the Joint Chiefs of Staff and the changing role of the Chairman of the JCS will be examined in detail during these periods. Additionally, an examination will be done of the relatively new Force Structure, Resources, and Assessment Directorate (J-8) within the Joint Staff and their expanding role in the resource allocation process.

A. HISTORICAL PERSPECTIVE OF THE JOINT STAFF AND THE RESOURCE ALLOCATION PROCESS

Resource allocation for national defense in this country and the role of the Joint Chiefs of Staff in this process have evolved significantly in the post World War II period. From a position where the JCS played a cursory role during the 1950's, they have progressed to where they have become an influential and active participant in the development and implementation of defense policy. In this section, an overview of the early years of the Joint Chiefs of Staff, the effect of the introduction of the Planning, Programming, and Budgeting System, and the consequence of the Goldwater-Nichols Defense Reorganization Act of 1986 on the Joint Staff are discussed.

1. The Early Years (1947-1960)

Prior to the introduction of the Planning, Programming, and Budgeting System (PPBS) in 1961, the three military departments created their budget submissions independently with little guidance from either the Office of the Secretary of Defense (OSD) or the Joint Chiefs of Staff (JCS). Each military department assessed its mission requirements, and then prepared and submitted a budget that reflected those needs to

Congress through the Office of the Secretary of Defense (OSD). For the most part, the services stayed within the confines of their stated roles and missions and little if any coordination was done between the services to address issues such as redundancy in weapons acquisitions. [Ref. 3, p.17]

The result of this system was weapon duplication, disregard of joint service mission concepts, and at least three separate views on how to address the nation's defense strategy. A cohesive and coordinated defense policy that adequately responded to foreign policy threats and requirements was not developed during this time period. A joint DoD/GAO working group on PPBS identified the following weaknesses of the resource allocation system in place prior to 1961:

- Budget decisions were largely independent of plans.
- There was duplication of effort among the services in various areas.
- Service budgets were prepared largely independent of one another with little balancing across services.
- Services felt they were entitled to their fixed share of the budget regardless of the effectiveness of their programs or overall defense needs.
- The budget process focused almost exclusively on the next budget year, though current decisions had considerable consequences for future years.
- There was little analytical basis on which the Secretary of Defense could either make choices among competing service proposals or assess the need for duplication in service programs. [Ref. 3, p.18]

The Secretary of Defense's role in this budget process was mainly to ensure that the total defense budget was equitably divided between the departments. The individual services retained significant autonomy in determining the composition of their force structure and what weapons systems they would acquire to meet their needs. Analysis by OSD of alternative programs to achieve an integrated, effective fighting force was typically not done. [Ref. 3, p.18]

The Joint Chiefs of Staff organization during this time frame was relatively small (356 officers and 79 other personnel) and did not have a formal role in the budget process. As the principal advisors to the President, National Security Council, and the

Secretary of Defense, their main responsibilities were to serve in the chain of operational command between the Secretary and the commanders of the unified and specified commands. The JCS was required to recommend to the Secretary the force structure required by the unified and specified commanders in the field, but this typically consisted of relaying to the Secretary the desires of the military departments that were much better staffed and equipped to undertake this analysis. At this time, there was no separate JCS directorate whose sole responsibility was to assess force structure requirements and resource allocation issues and consequently these topics were rarely addressed by the Joint Staff.

The significance of this time period, in terms of the resource allocation process, was that the military departments retained considerable freedom in determining force requirements to counter potential threats. The OSD and the JCS provided limited guidance on the budget formulation, presentation, and approval process (unlike the program budget era that was introduced in 1961 where the civilian OSD organization exercised substantial control over the resource allocation process). The uniformed service chiefs of the individual military departments were the dominant players in determining how to spend this country's resources on national defense.

2. The Introduction and Evolution of the PPBS Process

The introduction of the Planning, Programming, and Budgeting System (PPBS) by Secretary of Defense Robert McNamara in 1961 was a result of his impression that the existing resource allocation system was unable to adequately intermix military planning and the budgetary process. He viewed the military departments' separate, decentralized programming and budgeting processes as redundant and deficient of a common vision characteristic of a coordinated defense policy. In addition, the lack of long range planning throughout the resource allocation process further complicated an increasingly complex weapons acquisition procedure that was not purchasing the required weapons systems. [Ref. 4, p.5]

Secretary McNamara's PPBS process had as its centerpiece, a budget that related military force structure to defense policy, strategy, and planning. It was based on assessing the requirements of foreign policy objectives, planning and programming the weapon systems that would enable the country to achieve these objectives, and then budgeting for those weapon systems. It placed the Secretary of Defense at the focal point of the resource allocation process, effectively eliminating the services' independence in procuring weapons systems as they saw fit. Additionally, Secretary McNamara established the Office of Systems Analysis that independently assessed the services' requirements generation process, weapons programs, and their budget requests. As the process evolved, the uniformed services were relegated to a position below the Secretary's systems analysts in the requirements generation and the resource allocation chain. [Ref. 3, p.18]

An integral part of PPBS was the introduction of the Five Years Defense Program (FYDP), now called the Future Years Defense Program because it covers six years. Its primary objective was to link the program structure used in the programming phase to the appropriations requirements of the budget phase and to add a multi-year focus to the entire evolution. The FYDP used a complex database that divided the entire DoD budget into ten major force programs containing the Program Elements (PEs) that were the basic elements (aircraft, ships, tanks, personnel, etc.) of the DoD budget. This database was initially allocated to the next five years of the budget cycle, enabling the budget analysts to determine the cost of each PE by appropriation categories (operations and maintenance, procurement, manpower, etc.) used in the budgeting phase. [Ref. 3, p.19]

Since its inception, PPBS has been in a constant state of evolution. It has had to serve different Defense Secretaries who have exercised varying degrees of control on the system, none of whom have come close to the scrutiny of the defense program and budget that Secretary McNamara did during the early to mid 1960's. The services increased their analytical staff to support their program choices and to respond to DoD inquiries. As a result, OSD stopped putting forward independent program appraisals and reviewed those put forward by the services using specific budgetary ceilings. The degree of guidance and specificity that OSD gave to the services in preparing their five or six year budgets has

varied and so has the degree of control exercised by OSD in the programming phase. However, the basic premise of the system remains; three phases, centralized control by OSD, planning and programming decisions that are closely interrelated to the budgetary process, and quantitative analysis of the program decisions made in the process. [Ref. 3, p.20]

During these early years, the JCS was responsible for the formal planning phase of PPBS and had little input to the programming and budgeting phase. OSD considered the JCS planning documents unrealistic and lacking in the technical analysis required for the programming phase and, consequently, of little use. Therefore, it became common practice for OSD program analysts to prepare memoranda based on their own analysis of programs and force alternatives and their affect on the FYDP for the Secretary's approval. These memoranda became the basis for the Secretary's guidance to the services in preparing their budget requests, effectively negating the JCS' input in the PPBS process. The services typically submitted numerous change requests to the Secretary's guidance, but few were approved.

The ability of the Joint Chiefs of Staff to influence the resource allocation process was hindered in other ways in addition to the rise of a strong OSD. During the 1960's and 1970's, each member was required to perform four separate roles: (1) supervise and administer his military service, (2) participate in the advisory and planning functions assigned to the Joint Chiefs of Staff by statute, (3) supervise the various defense agencies that proliferated during the McNamara era, and (4) participate as a member of the Secretary of Defense's staff for military operations in the chain of command to the unified and specified commands. A blue ribbon panel in the late 1960's found each member's workload excessive and with little time available to devote to any other formal responsibility, such as continually reviewing resource allocation issues. Additionally, the expanded power of the Office of the Secretary of Defense made involvement in this issue an undesirable undertaking for the service chiefs during this time period. [Ref. 5, p.49]

The only significant change to PPBS prior to 1986 that affected the JCS was the advent of the Defense Resources Board (DRB), later called the Defense Planning and Resource Board, in 1980. The DRB was designed to assist the Secretary of Defense in

major program decision making and to help him prepare his guidance to the services. The initial board membership included the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, various Under Secretaries and Assistant Secretaries of Defense, and later the service secretaries. With membership in the DRB, the Chairman, and through him the unified CinCs, gained an expanded role in the planning phase and for the first time in the programming phase of PPBS. [Ref. 3, p.21]

This added influence was minimal since the JCS was still limited due to a relatively small staff (400), no formal organization within the JCS dedicated to resource allocation issues, and the Joint Chiefs still subscribed to a corporate philosophy that placed agreement amongst its members as paramount in importance to making tough decisions that crossed service lines. Former Secretary Harold Brown was extremely critical of the JCS in a book he published after he left the Pentagon. He stated that acquiring the right military capabilities was made more difficult by a JCS that quickly acquiesced to the individual desires of each military service and avoided advising on any cross service tradeoffs. He felt that the primary goal in defense acquisition was to determine which weapons systems to procure, and as long as the Joint Chiefs were driven by parochial views as to what would best benefit their own military service, the Secretary of Defense would have to rely on non-military experts on his own staff to balance the views. [Ref. 6, pp.209-214]

However, by the mid 1980's, many analysts both inside and outside of the JCS felt that there was a significant lack of joint perspective in the resource allocation process. General David Jones, then Chairman of the Joint Chiefs, felt that the JCS should have an expanded role in deciding which weapons systems were acquired by the U.S. military. He also felt the unnecessary redundancy and expense in defense programs and budgets had hurt the Defense Department's ability to plan and execute operations. He strongly lobbied the Secretary of Defense, the Congress and the President for reforms on these issues. [Ref. 7, pp.9-13]

3. The Goldwater-Nichols Defense Reorganization Act and its Effect on the Joint Chiefs of Staff

During the late 1970s and early 1980s, there was increasing demand for the reform of the Department of Defense and the Joint Chiefs of Staff in particular. Many independent studies were conducted during this period that found the advice from the military to the President and the Secretary of Defense inadequate and typically reflecting strong service bias. The abortive Iranian hostage rescue attempt in 1980 strengthened the position of reform minded critics of defense policy, especially within the Congress. A lengthy study by the academic community and Congress during the early 1980s resulted in the Goldwater-Nichols Defense Reorganization Act of 1986, the most far reaching change to the Defense Department since the end of World War II.

The Goldwater-Nichols Act resulted in the first major reorganization of the Joint Chiefs of Staff in over thirty years and was the most significant act since the National Security Act of 1947. This Act changed the way the defense policy of the United States was formulated and how the JCS interfaced with the resource allocation process. The major changes of the Goldwater-Nichols Act are briefly described below:

- Designated the Chairman, vice the Joint Chiefs, as the principal military advisor to the President, the National Security Advisor, and the Secretary of Defense. It assigned all the functions that were previously the responsibility of the corporate Chiefs to the Chairman.
- Gave the Chairman additional responsibilities that included assisting the President and Secretary of Defense in the strategic direction of the armed forces, providing strategic and conventional net assessments, providing for the preparation and review of contingency plans, developing doctrine for the joint employment of the armed forces, and advising the Secretary of Defense on requirements, programs and budgets.
- Created the position of Vice Chairman of the Joint Chiefs of Staff (VCJCS) to assist the Chairman and to act for the Chairman in his absence. The Vice Chairman would outrank all officers of the armed forces except the Chairman,

would participate in all JCS meetings, but would only vote when acting for the Chairman.

- Removed the 400 officer limitation on the Joint Staff and raised it to 1627 (a figure that represented the actual size of the Organization of the Joint Chiefs of Staff when the Goldwater-Nichols Act was passed) and placed the entire staff under the direction of the Chairman vice the corporate Joint Chiefs.
- In resource allocation issues, strengthened the role of the unified commanders (e.g., Commander in Chief, U. S. Pacific Command, etc.) at the expense of their component commanders (e.g., Commander in Chief, U. S. Pacific Fleet, etc.). This resulted in the component commanders now not only having to support their service sponsors, but their unified commanders as well in resource allocation issues. It also made the Chairman the unified commanders' interservice spokesman on issues involving the distribution of resources. [Ref. 5, p.59, pp.62-64]

These added responsibilities required the restructuring of the internal organization of the JCS. Two new directorates were created that influenced resource allocation issues within the Joint Staff. The Operational Plans and Interoperability Directorate (J-6) was established to consolidate responsibility for the development of joint doctrine, tactics, and operational planning. The Force Structure, Resources, and Assessment Directorate (J-8) was established to support the Chairman on resource allocation issues and force analysis. Both of these directorates were operational by early 1987. [Ref. 5, p.64]

The changes that occurred as a result of the Goldwater-Nichols Defense Reorganization Act of 1986 to the Joint Chiefs of Staff were substantial. The added power of the Chairman at the expense of the corporate Joint Chiefs fundamentally changed the way resources were allocated for national defense. In the next section of this chapter, the Force Structure, Resources, and Assessment Directorate's (J-8) expanding role in the resource allocation process will be examined.

B. THE EXPANDING ROLE OF THE FORCE STRUCTURE, RESOURCES, AND ASSESSMENT (J-8) DIRECTORATE

The establishment of the Force Structure, Resources, and Assessment Directorate (J-8) gave the Chairman the analytical staff to assist him in influencing resource allocation issues across service lines. With his new responsibility requiring him to advise the Secretary of Defense on alternative force structures, budgets, and programs and to represent the requirements of the unified commanders, the Chairman's role in the requirements definition and resource allocation process was greatly expanded. The staff of J-8 was now able to analyze individual service programs and provide specific alternatives to OSD during the preparation of the Secretary's Defense Planning Guidance. More importantly, the Chairman now had the ability to recommend budget alternatives to the services' subsequent budget submissions that reflected joint requirements.

The J-8 directorate provided the Chairman with the means necessary to respond to unified CinC requirements and to influence resource allocation within the Department of Defense. This directorate has grown significantly since first established in 1987, now numbering in excess of 200 officers and permanently assigned mid to high level General Service civilian personnel, as the Chairman's role has expanded in this area. A table reflecting the latest reorganization of this directorate is provided in Figure 2. [Ref. 5, p.64]

The J-8 directorate has grown into five major divisions (Requirements, Assessments, and Integration Division, Warfighting and Analysis Division, and sub-directorates for Force Structure and Resources, Joint Warfighting Capability Assessments, and Wargaming, Simulation, and Operations), each of which plays an important role in supporting the CJCS and the VCJCS on requirements generation and resource allocation issues. Prior to 1986, the analysis and recommendations now generated by this directorate were not accomplished within the Joint Staff, and consequently the CJCS was forced to rely on individual service and DoD analysis as a basis for his force structure recommendations. The current organization of this

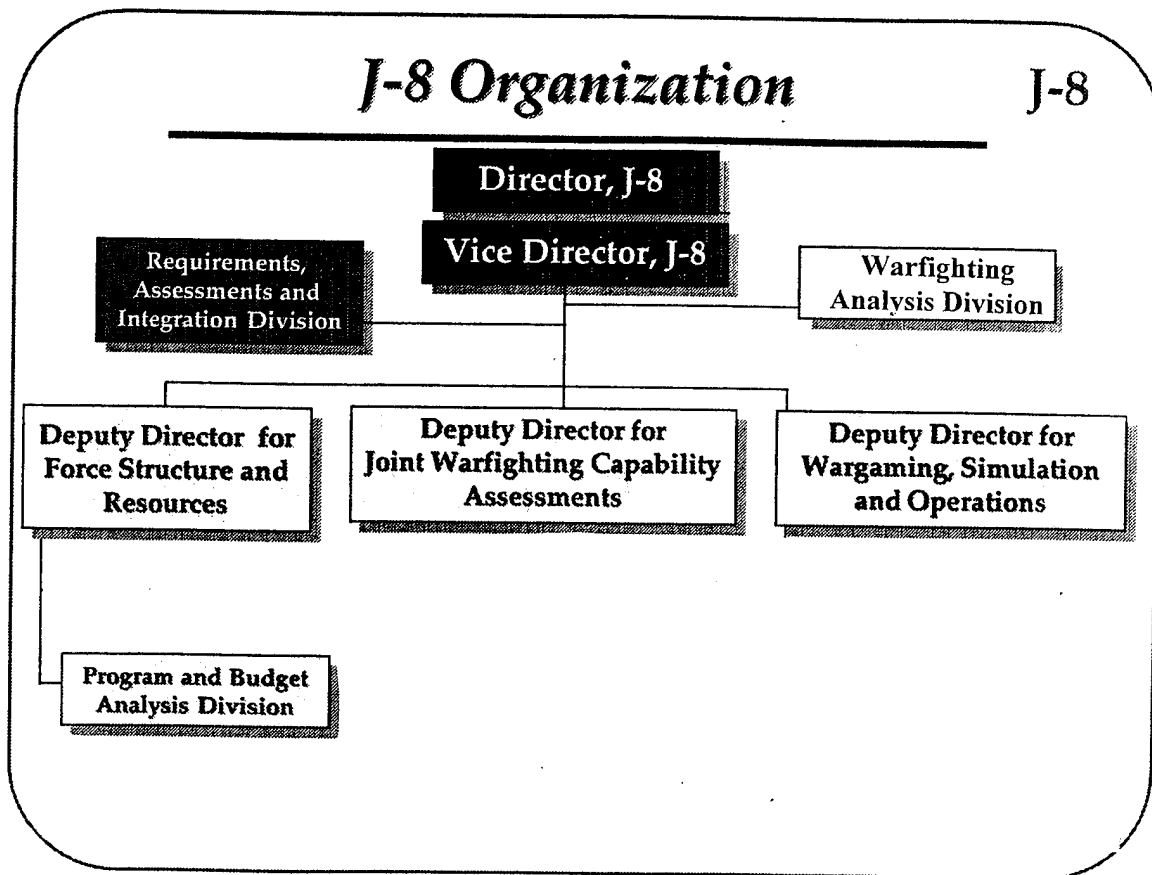


Figure 2. The structure of the Force Structure, Resource, and Assessment Directorate (J-8) of the Joint Chiefs of Staff. [From Ref. 2]

directorate reflects the structure that former VCJCS Admiral William Owens felt was necessary for the JCS to fulfill its responsibilities as delineated in the Goldwater-Nichols Act with regards to resource allocation issues. It is similar to the organization that Admiral Owens put in place on the Navy staff when he was in charge of resource allocation there prior to assuming the position of VCJCS. Consequently, all the services and to a lesser extent the unified commands have aligned their staffs to reflect this directorate's organizational structure to better respond to JCS inquiries and requirements.

The two divisions of J-8 that play the most significant role in the resource allocation process for the Joint Chiefs of Staff are the Requirements, Assessments, and

Integration Division and the Program and Budget Analysis Division. The roles of these two divisions will be examined in the following section.

1. The Requirements, Assessments, and Integration Division

The Requirements, Assessments, and Integration Division (RAID) has grown significantly in importance with the expansion of the Joint Requirements Oversight Council (JROC) influence. The JROC secretariat, which resides in this division, is charged with supporting the VCJCS and the Vice Chiefs of the services in their roles as members of the JROC. This support includes the preparation of briefs, defining unified CinC requirements, and the integration of unified CinC requirements into the budget process. With the emerging Joint Warfighting Capability Assessment (JWCA) process that analyzes joint warfighting requirements over a broad venue and the added importance of the JROC, this division has in effect become the Vice Chairman's personal staff in influencing how the other Joint Staff directorates and the services interact in resource allocation issues. The JROC and JWCA process are explained in Chapter IV. [Ref. 8]

2. The Program and Budget Analysis Division

The Program and Budget Analysis Division (PBAD) of the J-8 staff is responsible for providing cost analysis for use throughout the Joint Staff. This division has become the primary source of financial information for use by the Chairman as he prepares alternative force structure proposals in the Programming and Budgeting phase of PPBS. The financial information provided by this division allows the Chairman to determine what alternative force structure is affordable when he proposes changes to the Services' POMs or Budget Estimate Submissions. The PBAD division also analyzes the services' program and budget submissions for proper costing throughout the FYDP and works closely with the services when changes occur to the basic assumptions they utilized in preparing their submissions. [Ref. 9]

C. SUMMARY

The history of the Joint Chiefs of Staff in the requirements generation and resource allocation process has evolved significantly over the past five decades. The result of the Goldwater-Nichols Defense Reorganization Act of 1986 was a fundamental change in the way the JCS influenced this process after the end of the Cold War. It gave the Chairman, in his role as the senior military advisor to the President and the Secretary of Defense, a much larger role in determining how resources will be utilized for national defense.

In Chapter III, the current role of the Joint Chiefs of Staff in the resource allocation process will be examined. An extensive overview of the Planning, Programming, and Budgeting System within the Department of Defense with particular emphasis on the role of the Chairman in this system will be undertaken.

III. THE JOINT ERA OF RESOURCE ALLOCATION

With the passage of the Goldwater-Nichols Defense Reorganization Act of 1986, the added responsibility of the Chairman of the Joint Chiefs of Staff to provide advice and assistance to the Secretary of Defense on program recommendations and budget proposals became law. The additional responsibility to review Department of Defense budgets in order to assess their conformance with established strategic plans and unified commanders' warfighting requirements placed the Chairman at the center of the resource allocation issue. In this chapter an overview of the JCS's role in the current resource allocation process and the Planning, Programming, and Budgeting System is presented.

A. THE JOINT CHIEFS OF STAFF'S NEW ROLE IN REQUIREMENTS GENERATION AND RESOURCE ALLOCATION

The Goldwater-Nichols Reorganization Act of 1986 required the Chairman of the Joint Chiefs of Staff to advise the Secretary of Defense on requirements, programs, and budgets of the individual services. It made the Chairman the principal military advisor to the President and the National Security Council and in that role allowed him to comment and advise the Secretary of Defense on the requirements as set forth by the warfighting unified CinCs and assess how the services were responding to these requirements in their budgets. [Ref. 10, p.19]

In terms of requirements generation and resource allocation issues, the Goldwater-Nichols Act allowed the Chairman of the Joint Chiefs of Staff to advise the Secretary of Defense on the following three critical areas:

- To assess military requirements for the acquisition programs of the services and to comment on these programs as to their affordability across service lines within the framework of the entire DoD budget.

- To assess requirements prioritization among the services and DoD agencies and to reflect these priorities in his assessment of the individual services' budgets.
- To submit alternative program recommendations and budget proposals when warranted. [Ref. 10, p.21]

The Goldwater-Nichols Act also charged the individual services with the responsibility to employ measures that resulted in a more effective, efficient, and economical administration of their forces and to coordinate with the other services to eliminate duplication. The Act also reaffirmed the United States Code (USC) Title 10 responsibility of the services to organize, train, and equip their respective forces to meet potential threats to the best of their ability [Ref. 10, p.19]. The reaffirmation for the services of the Title 10 responsibility was what the services had lobbied for during the formulation of this Defense Reorganization Act and they felt this would allow them to continue their resource allocation practices as they existed prior to this Act.

The Goldwater-Nichols Act of 1986 significantly changed the control the Joint Chiefs of Staff had in determining how resources were allocated for national defense. The influence of the JCS has expanded in all phases of the Planning, Programming, and Budgeting System to enable them to better make decisions affecting resource allocations. A detailed examination of the Planning, Programming, and Budgeting System will be undertaken in the next three sections. In each phase, the Joint Chiefs of Staff's role and specifically the role of the Chairman will be assessed on how they influence the requirements generation and resource allocation process within the Department of Defense. A summary of the entire system is depicted in Figure 3.

B. PPBS: THE PLANNING PHASE

The planning phase of the PPBS was designed to assess the global threats facing this country and to develop military strategies to counter this threat. This initial phase begins with a review of the state of national security objectives as presented by the

PPBS FLOW ...

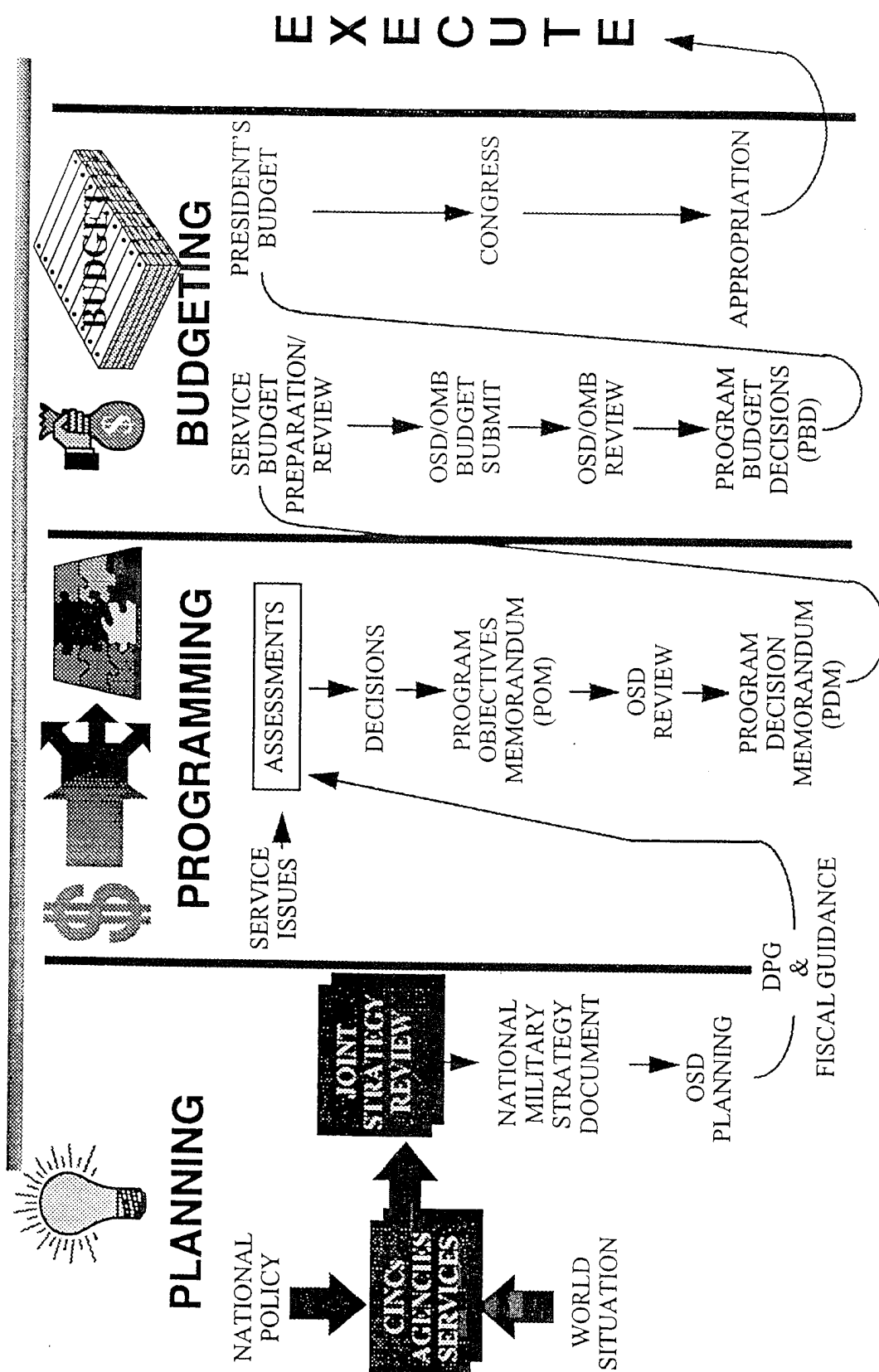


Figure 3. The Planning, Programming, and Budgeting System. [From Ref. 10]

President and National Security Council (NSC). It progresses to the consideration of broad strategies for dealing with threats to national security as broadly directed by the President and NSC. The planning phase concludes with the development of a force structure that will support these strategies and the issuance of fiscal guidance to the various military departments and defense agencies to implement this structure.

The planning phase is directed by the Under Secretary of Defense for Policy. His main responsibility during this process is to coordinate the efforts of the various military departments and defense agencies in assessing the threat and in developing a comprehensive long range strategy to counter that threat. The resulting strategy is the basis for the Defense Planning Guidance (DPG), a document signed by the Secretary of Defense issuing fiscal guidance to the military departments for use in the development of their Program Objectives Memorandums (POM) on required forces and capabilities. The DPG provides force planning and fiscal guidance to the individual services and therefore has become the most significant document in the planning phase of PPBS. This strategy and fiscal guidance contained in the DPG must be coordinated with the NSC and Office of Management and Budget (OMB) to ensure it complies with Presidential national security and budgetary policy. The DPG signals the end of the planning phase of PPBS and serves as a link to the programming phase. [Ref. 11, p.19]

Within the Joint Staff, the Joint Strategic Planning System (JSPS) serves as the internal planning and programming vehicle to conduct the analysis and provide the inputs necessary to influence the budgetary process. CJCS Memorandum of Policy (MOP) 7 outlines the formal means the JCS uses to advise the Secretary of Defense and the President on resource allocation issues [Ref. 11, p.20]. Although the end products of the JSPS are not exclusively limited to addressing resource allocation issues (i.e., some JSPS documents support operational or intelligence gathering activities), it has become the primary interface with the PPBS. The JSPS has become the primary and formal means whereby the Chairman of the Joint Chiefs of Staff (in consultation with the CinCs) provides strategic plans and direction to complement the PPBS and provide advice to the Secretary of Defense. An overview of the JSPS and its role in the resource allocation process with the JCS is depicted in Figure 4.

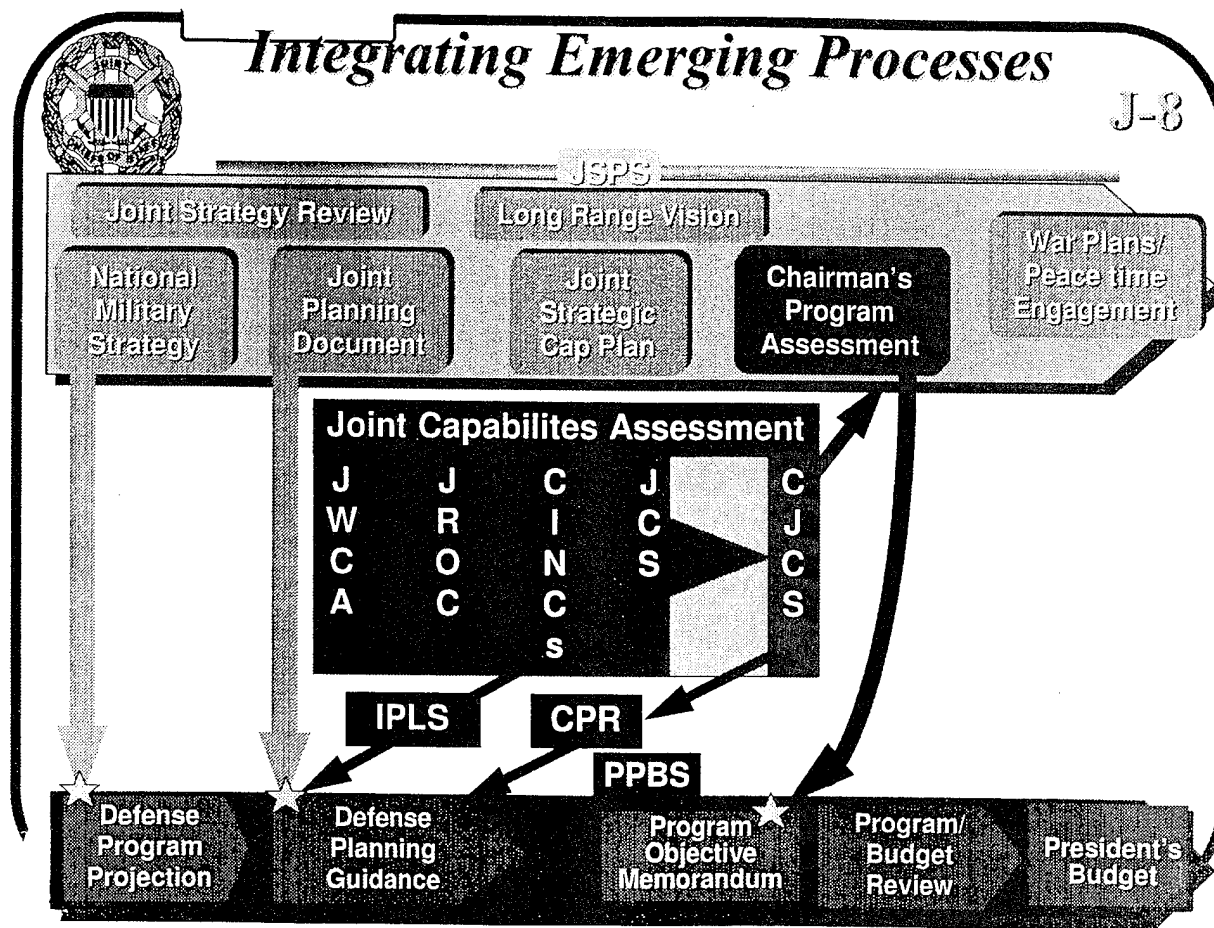


Figure 4. The Joint Strategic Planning System role in the DoD resource allocation process. [From Ref. 10]

1. JSPS/PPBS Linkage Within the Planning Phase

The Joint Strategic Planning System has had a most significant impact during the planning phase of the PPBS. The Joint Strategy Review (JSR) initiates the strategic planning cycle and therefore JSPS' interface with PPBS. The Joint Strategic Review has become the JSPS process for gathering information, raising issues, and integrating strategy, operational planning, and program assessments. It incorporates long range planning into the process to better project future requirements and needed capabilities,

but not specific weapons systems [Ref. 12, p. 12]. The products of the JSR affecting the planning phase of PPBS are the Chairman's Guidance, the National Military Strategy Document, and the Joint Planning Document. Figure 5 depicts the products of the JSR. The purpose and contents of these three documents are described below.

- The Chairman's Guidance (CG): Provides top-down guidance from the Chairman to the Joint Staff and information to the Secretary of Defense, the CinCs, and the other members of the Joint Chiefs of Staff regarding the framework and assumptions for building the National Military Security Document. It is the first product of the JSR and it is not fiscally constrained.

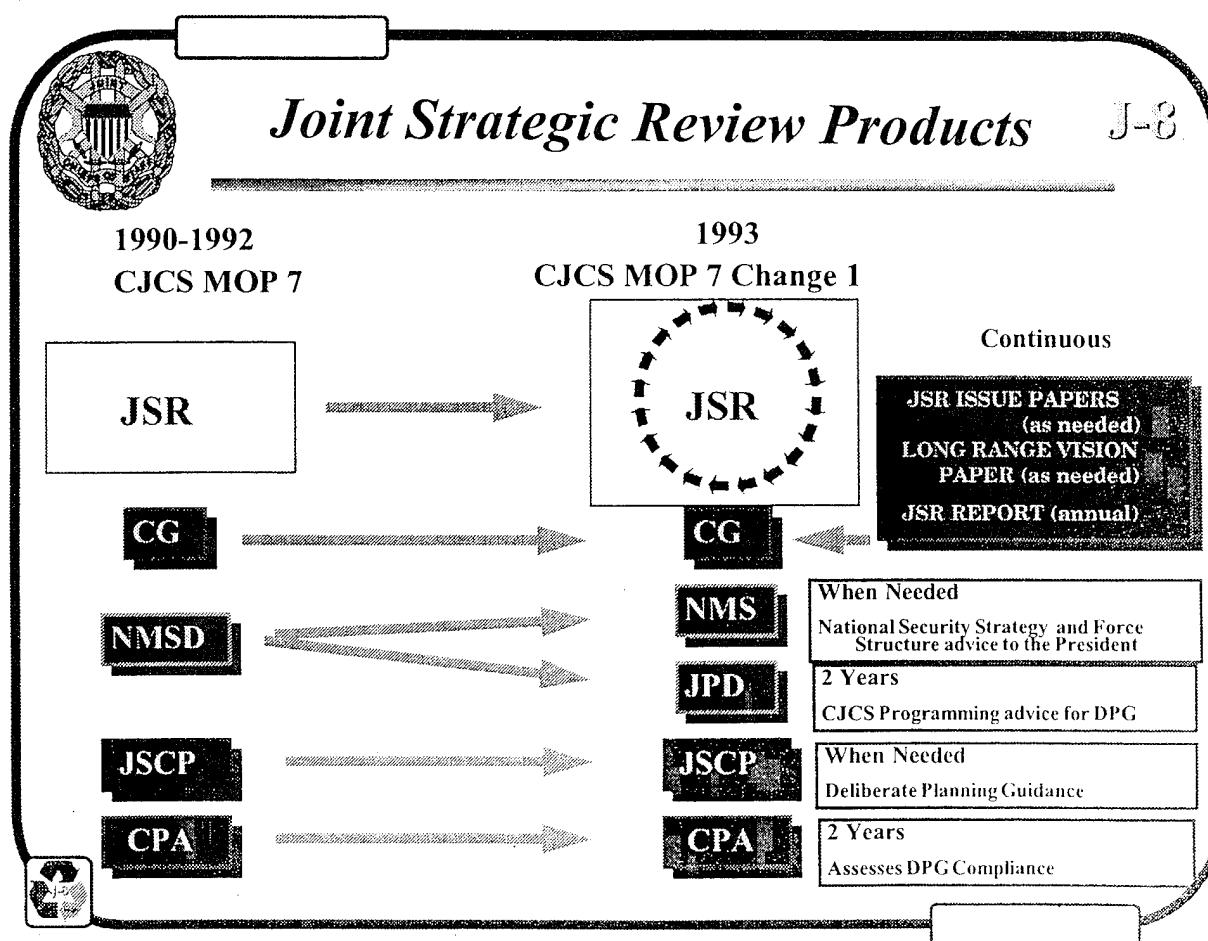


Figure 5. The Joint Strategic Review products and requirements for issuance. [From Ref. 10]

- The National Military Security Document (NMSD): Conveys the advice of the Chairman (in consultation with the other members of the Joint Chiefs and the unified CinCs) to the President, National Security Council, and the Secretary of Defense on how to implement the President's National Security Strategy. The contents of the NMSD consists of:
 - The National Military Strategy, a statement of national military objectives derived from national security objectives;
 - An updated intelligence appraisal of the range of threats to U.S. national security;
 - Recommended fiscally constrained force levels and options,
 - The Chairman's Net Assessment for Force Planning, where comparisons of current and projected U.S. and foreign capabilities were made;
 - An evaluation of risks associated with the recommended strategy, forces, and options;
 - And the Risk Evaluation Force, a projection of force levels in the last year of the planning period (last year covered by the FYDP) and their potential for meeting anticipated threats.
- The Joint Planning Document (JPD): The long range plan for national military strategy reflecting the assumptions of the NMSD but projecting five years beyond the FYDP. [Ref. 11, p.20]

These three documents have become the basis by which resource allocation decisions are made within the Joint Staff. In terms of broad national military strategy, it is the foundation of Joint Capability Assessment Process examined in the next section.

2. The Chairman's Role in the Planning Phase of PPBS

The Chairman's role in the Planning Phase of PPBS has increased significantly since the passage of the Goldwater-Nichols Defense Reorganization Act of 1986 and has continued to evolve within the last few years. He is now responsible for the strategic

review that has become the basis for this country's national military strategy. No other organization within the Department of Defense (including the Office of the Secretary of Defense) has the knowledge of current capabilities nor the analytic resources to assess the requirements for future military force structures. He is also charged with recommending specific capabilities and the acquisition of weapons systems across service lines to build a force structure that can execute the President's National Security Strategy. Consequently, in conjunction with the Secretary of Defense, the Chairman (and not the corporate Chiefs of the services) has become the major determiner in shaping the nation's military force structure. [Ref. 5, pp.63-65]

The Joint Capability Assessments process has become the relatively new procedure by which the Chairman of the Joint Chiefs of Staff influences both the planning and programming phases of the PPBS. The Joint Requirements Oversight Council (JROC) was established in its present form in 1987 as the military oversight body that would assess potential military requirements and determine which major weapons systems would enter the procurement process. The JROC was the mechanism intended to improve the link between the PPBS with the DoD acquisition process. The Joint Warfighting Capability Assessment (JWCA) process was instituted in 1994 to provide the analytical basis by which assessments on future joint warfare capabilities were made. These assessments initially covered nine (now ten) interacting warfare areas and the findings were reported to the JROC to better integrate the JROC into the PPBS. Both the JWCA process and the JROC will be examined extensively in Chapter IV. [Ref. 13, pp.9-11]

The JWCA process and the JROC have provided the Joint Chiefs of Staff the analytical foundation to assess future required military capabilities and the military forum to review these assessments and to recommend to the Chairman prioritized requirements that address these desired capabilities. As a result, two products have emerged from the JROC deliberations that have had a significant impact on the entire resource allocation process within the Department of Defense. The Chairman's Program Assessment (CPA) was designed to meet the responsibility assigned the Chairman in the Goldwater-Nichols Act to advise the Secretary of Defense on the prioritization of

requirements. The CPA is the primary document that influences the Programming and Budgeting phase within the DoD and will be examined in the next section of this chapter. [Ref. 13, p.10]

The Chairman's Program Recommendations (CPR), first submitted in February 1995, has become the other significant output to the new JROC process. The CPR was designed to inform the Secretary of Defense and the military services what the Chairman's desires were regarding the services Program Objectives Memorandums due the following summer. It provides the Secretary of Defense with the Chairman's recommendations on what should appear in the Secretary's Defense Planning Guidance. [Ref. 13, p.16]

The services also receive the CPR and therefore are aware of the Chairman's desires with regard to their POMs. Consequently, the CPR has become an important benchmark for the services to consider as they prepare their programs since it is a strong indication of what will appear in the CPA where the Chairman will assess their programs' compliance with the CPR. The services are also aware that the issues in the CPR not adequately addressed in their POMs have the potential to be raised as alternative program recommendations in the Programming Phase of the DoD budget cycle. [Ref. 13, pp.16-17]

The CPR has become the primary influence in shaping the force structure that will appear in the DPG. It is the result of a deliberate process that weighs desired military capabilities against fiscal realities, a process that has effectively replaced the Office of the Secretary of Defense program analysts' declining contributions to resource allocation. The Secretary of Defense is still the final arbitrator and author of the DPG, however he has come to rely increasingly on the analytical foundations and assumptions of the Chairman's planning documents, and especially the CPR.

3. The Defense Planning Guidance

The National Military Strategy Document provides the basis for the Defense Program Projection (DPP), the pre-cursor to the Defense Planning Guidance. The DPP,

once called the Defense Planning Guidance Preparation, is authored by the Under Secretary of Defense for Policy. It is issued to the Joint Staff, the individual services, the unified CinCs, and the various DoD agencies for the purpose of soliciting inputs to the DPG. The DPP disseminates the underlying assumptions regarding national military objectives and a description of the fiscally constrained force structure anticipated to be in the DPG. This input from the services and DoD agencies will be used during the formulation of the DPG. [Ref. 10, p.27]

The DPP provides the basis by which the services can form their inputs to the DPG. Since the DPG is the yardstick by which the services programming and budgeting decisions will be measured, it is important for them to influence this important planning document in accordance with their individual priorities before it is approved by the Secretary of Defense.

The Defense Planning Guidance is the Secretary of Defense's fiscally constrained guidance on policy, strategy, force levels, and resource planning to the services and DoD agencies. It is used by the services as the basis by which they build their Program Objectives Memorandums and is the OSD link between the Planning and Programming phases of PPBS. The DPG provides Total Obligational Authority (TOA) fiscal guidance to the services for the subsequent six years (the FYDP) and effectively informs the services of their overall fiscal constraints. The DPG is published biennially, every even numbered year. [Ref. 11, p.11]

4. The Integrated Priority Lists and the CinCs Input into the Planning Phase

Another significant influence to the Defense Planning Guidance is the issuance of the Integrated Priority Lists (IPL) by the unified CinCs. The IPLs are the high priority weapon systems and program requirements submitted by each unified CinC to the Secretary of Defense, the Chairman, and the individual service departments ordered by precedence across service lines. The IPLs are essentially the unified CinCs highly regarded requirements lists for meeting their warfighting responsibilities. The IPLs are a

significant influence to the DPG, but play a larger role in the programming phase of PPBS and will be examined in that section of this chapter. [Ref. 11, p.10]

The unified CinCs requirements are also included in the Joint Strategic Review by defining the forces required to execute potential warplans for their respective geographical or functional areas of responsibility. These requirements are typically reflected in the NMSD and JPD. The Joint Staff monitors their plans and programs to determine adequacy, feasibility, and affordability and have become the CinCs chief spokesman in advocating force structures that meet their requirements.

The unified CinCs have an opportunity to comment on a draft Defense Program Guidance prior to Secretary of Defense approval. If they have concerns of a significant nature on the program and force structure guidance to the services, they will be accorded the opportunity to meet with the Secretary of Defense to discuss their views and recommendations.

5. The Defense Planning and Resources Board

Unresolved major resource allocation issues between the services and the Office of the Secretary of Defense prior to DPG release are resolved by the Defense Planning and Resource Board (DPRB). The DPRB is the Secretary of Defense's formal corporate review body that researches and provides recommendations on PPBS matters. Chaired by the Deputy Secretary of Defense (DEPSECDEF), it was designed to provide stronger links between the national security and economic policy of the President, the military strategy of the DoD, and the resources allocated to specific forces and programs. With the exception of major resource allocation issues brought up by the services that are forwarded to Secretary of Defense for resolution, the Deputy Secretary of Defense and the DPRB have the authority to resolve service and DoD agency resource concerns in the proposed DPG. Membership on the DPRB consists of the following key positions:

- Deputy Secretary of Defense (DEPSECDEF) (Chairman)
- Chairman of the Joint Chiefs of Staff (Vice Chairman)
- Secretaries of the Military Departments

- Under Secretary of Defense (Acquisition and Technology)
- Under Secretary of Defense (Personnel and Readiness)
- Under Secretary of Defense (Policy)
- Assistant Secretary of Defense (Program Analysis and Evaluation)
- Comptroller of the Department of Defense
- Service Chiefs, CinCs, and others as requested
- Senior representatives from the Office of Management and Budget (OMB).

[Ref. 11, p.49]

The participation of the representatives of OMB in the DPRB has increased since the passage of the Goldwater-Nichols Act of 1986. Since OMB has the responsibility to develop the President's budget, its involvement in this phase of the DoD resource allocation process and in subsequent program and budget reviews has eliminated the need for additional OMB reviews after the submission of the DoD budget. This has had two significant implications. First, OMB involvement with and their knowledge of the DoD budget has allowed the Secretary of Defense to submit his department's budget later than any other department in the executive branch. Secondly, and more importantly, OMB participation at this level of the DoD has provided for a high level of interaction and cooperation between DoD and OMB in the formulation of a Defense budget that will be acceptable to the Administration. [Ref. 11, p.36]

In summary, the influence of the Chairman of the Joint Chiefs of Staff on the Planning phase of the PPBS has increased significantly as a result of the Joint Strategy Review and its associated planning documents, the Joint Capabilities Assessment process which includes the JWCA and JROC deliberations, and finally and most importantly the development of the Chairman's Program Recommendations. The CPR has become the dominant influence to the Defense Planning Guidance, the end product of the Planning phase of the PPBS. In the next section of this chapter, the effects of the DPG on the Programming phase of the PPBS will be examined.

C. PPBS: THE PROGRAMMING PHASE

The Programming Phase of the Planning, Programming, and Budgeting System is a Department of Defense process by which information in the Defense Planning Guidance is translated into effective and achievable activities or operations (programs). It is the point in the PPBS at which available resources (fiscal, manpower, etc.) are matched against validated requirements. The Programming phase is directed by the OSD Director for Program Analysis and Evaluation and addresses policies and guidance issued during the Planning phase. The Programming Phase commences formally with the delivery of the DPG.

The most significant activity for each military department and Defense agency in the Programming phase is the development of the Program Objectives Memorandum (POM). The POM is a financial plan for the service or agency that is consistent with the policy and resource guidance of the DPG and is submitted to the Office of the Secretary of Defense (OSD) for approval. Once approved and modified by the Secretary of Defense's Program Decision Memorandum (PDM), the services' POM becomes the baseline for the start of the start of the Budgeting phase. The PDM is the final document of the Programming phase and is the link to the Budgeting phase.

The Joint Chiefs of Staff, unified CinCs, and OSD review all the services' POMs prior to the issuance of the PDM. The Chairman can exercise his authority to recommend alternative programs during this phase of the budget process in accordance with the provisions of the Goldwater-Nichols Act. These alternative programs will appear either in the PDM or in the Budget phase of the PPBS.

An overview of the Programming phase will be undertaken in this section that includes an examination of the POM development process and the Future Years Defense Program (FYDP). Additionally, the Program Review process will be examined. Finally, the Joint Chiefs of Staff's role in the Programming phase and that of the Chairman will be explained.

1. The Program Objectives Memorandum

Each military department and all Defense agencies biennially prepare and submit to the Secretary of Defense its Program Objectives Memorandum. The POM is that department's or agency's fiscal recommendation to the Secretary for the detailed application of its resources for the next six years. It covers the objectives, planned activities, and cost of each program during this period. The POM is based on the DPG's strategic concepts and fiscal guidance and includes an explanation for the proposed changes to the FYDP baseline.

Fiscal guidance for the POM is in the form of a dollar ceiling, often called a "topline," that the services must remain under during the construction of their programs. The OSD topline fiscal guidance, or Total Obligational Authority (TOA), is the total dollars the service will be able to allocate in each of the next six years and is contained in the DPG. The first two years of the POM are of added significance since they will be eventually changed into the specific budget submission to Congress later in the process. The services prepare their POMs in even years for a two year cycle (Ex: POM 98-03 will be used for the 1998 and 1999 budget) and will cover the subsequent four budget years (2000 through 2003) as reflected in the FYDP. [Ref. 11, p.25]

The key objective of the POM is to provide the requisite capabilities within the topline fiscal guidance given. The services retain the latitude to procure the weapons systems and support programs that they feel best address these capabilities, but they must also be cognizant of JCS and OSD specific requirements that could potentially be brought up during the Program Review or the Budget phase. This has become especially important during times of diminishing DoD budgets.

2. The Future Years Defense Program

The Future Years Defense Program is the official Department of Defense database containing a detailed description of the total resources (forces, manpower, procurement, construction, etc.) and the associated costs of the approved programs. The database is

divided by Major Force Program and appropriations for each of the services and DoD agencies. The FYDP is projected for six years for all data except force levels (such as ships, aircraft, etc.), which are forecast for a total of nine years. The FYDP is maintained by the Comptroller for the Department of Defense. [Ref. 11, p.12]

The FYDP format reflects Major Force Programs (MFP) by appropriation for each service and DoD agency. The MFPs are eleven large mission area divisions of the DoD budget used by Congress to build their appropriations. The MFPs cross service lines with each service containing a portion of the MFP relating to its mission. The eleven MFPs are expressed in cost, manpower, and weapons systems that are further broken down by Program Element (PE) which is the basic building block of the budget. PEs describe all forces, manpower, operation and maintenance funding, activities, and support costs required to accomplish a specific mission over the six year period of the FYDP. There are over 1600 PEs in the Department of Defense. Figure 6 is a depiction of the FYDP structure. [Ref. 11, pp.12-13]

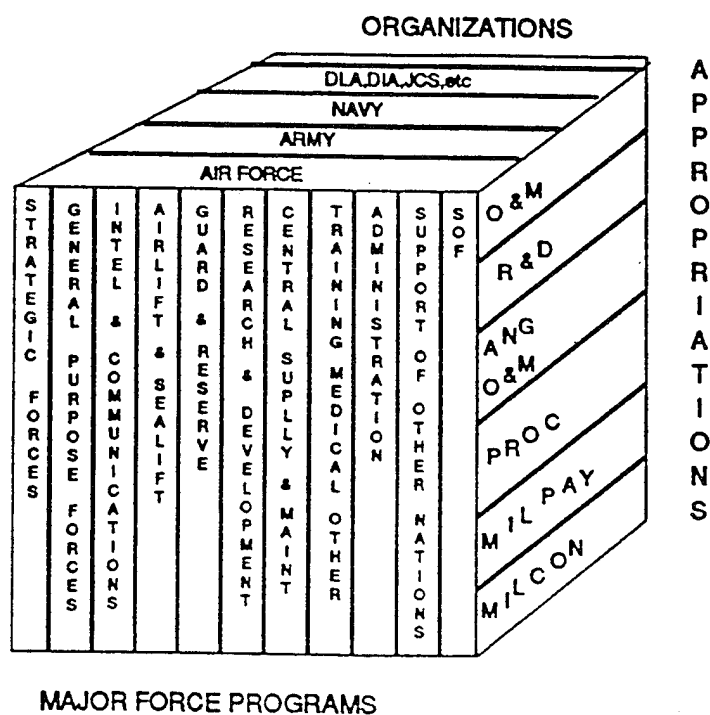


Figure 6. The Future Years Defense Program (FYDP) structure. [From Ref. 11]

The FYDP is a continuous database that is updated five times during each two year PPBS cycle. It is updated in May of even years to reflect service POMs, in September of both even and odd years to reflect the Budget Estimate Submissions by the services, and in January of each year to reflect the President's Budget. The final update in January becomes the baseline from which the services build their POMs for the subsequent budget year.

3. The Program Review Cycle

The Program Review cycle starts after the service POMs are delivered to the Office of the Secretary of Defense. The objectives of the review are to determine the services' compliance with the DPG and to develop more cost-effective alternatives to the service proposed programs. This review of the service POMs is conducted by both the Joint Chiefs of Staff and OSD.

Alternatives to service POM proposals are called Program Review Issues. Issues can be submitted by the services, CinCs, JCS, OSD, or any member of the DPRB and can number several hundred for a cycle. All of these issues are reviewed by the Program Review Group (PRG), a working group that is subordinate to the Defense Planning Resource Board (DPRB). Those Issues that are validated or consolidated by the PRG are described and analyzed in Issue Papers for the Deputy Secretary of Defense and the DPRB. Issues of significance that require the preparation of Issue Papers are characterized in one of three levels:

- Tier 1: Broad policy issues affecting more than one service are discussed and debated within the DPRB. OSD normally limits these reviews to a small number (about 40) and the presentations are normally made by the service secretaries.
- Tier 2: Programmatic issues that are handled only through Issue Papers with usually no discussion by the DPRB. The services normally provide a written reclama.

- Tier 3: Issues that are deferred to the fall Budget Review or withdrawn from further consideration. [Ref. 11, pp.31-32]

Because Tier 1 issues can have potentially major impacts on the Department of Defense, the DPRB devotes considerable time and discussion to their resolution. Each Tier 1 Issue Paper is usually the topic of at least one meeting and the CinCs' and Joint Chiefs of Staff's inputs are of considerable importance. The DPRB is not a voting body and the resolution of the Tier 1 Issue Papers is a responsibility of the Deputy Secretary of Defense only. The results of both Tier 1 and Tier 2 decisions are incorporated into the Program Decision Memorandum, the final document of the Planning phase of PPBS. [Ref. 11, p.32]

4. The Role of the Chairman of the JCS in the Programming Phase

The role of the Joint Chiefs of Staff and specifically that of the Chairman in the Planning phase of PPBS has increased significantly as a result of the Goldwater-Nichols Defense Reorganization Act of 1986. That law allows the Chairman to assess service programs and recommend alternatives that he feels better address the broad national military strategy as set forth in his National Military Security Document. It also allows him to prioritize the requirements identified by the warfighting CinCs and to recommend those priorities to the Secretary of Defense. He now has the analytic resources available to him in the form of the J-8 directorate that he did not have prior to 1986 to assist him in these responsibilities.

The primary responsibility of the Chairman in the Programming phase of the PPBS is to assess the services' programs relative to their ability to field the required capabilities and force structure he specified in his NMSD and required by the unified CinCs. The principal vehicle for this assessment is the Chairman's Program Assessment (CPA), a document that is developed during the Program Review Cycle of the Programming phase. The CPA articulates an assessment of the services' POMs in order to assist the Secretary of Defense in decisions on the DoD budget. Additionally, the

Chairman of the JCS is the vice-chairman of the Defense Planning and Resource Board and a close advisor to the Deputy Secretary of Defense on the resolution of the Tier 1 and Tier 2 Program Review Issues. The Chairman's influence on the DPRB on resource allocation issues, especially in his role as representing the unified CinCs', cannot be overstated. [Ref. 10, p.49]

The development of the CPA is a lengthy process that commences when the services submit their POMs in the May/June time frame each even year and signals the start of the Program Review Cycle (Ex. POM 98-03 is submitted for Program Review by June 1996). During the Program Review Cycle, also known as the Summer Review Process, the staff of the Force Structure, Resources, and Assessment Directorate (J-8) of the Joint Staff makes a detailed examination of each service's POM to determine compliance with the Chairman's Program Recommendations (CPR) issued earlier that year (approximately January of POM development years). Additionally, each of the CinC's Integrated Priority Lists (IPL) are reviewed to appraise service POM compliance. The Summer Review Process takes place during the June through August months and is extremely comprehensive in scope.

At the end of the Summer Review Process, the Director of J-8 reports his findings on service POM compliance with the CPR and CinCs' IPLs to the members of the Joint Staff. Collectively and individually, the leaders of each of the services will have the opportunity to address the recommendations of the J-8 Director to the Chairman and Vice Chairman of the JCS on contentious issues. [Ref. 10, p.41]

In late August or early September, the Vice Chairman and Director of J-8 will visit each unified CinC to appraise them of their proposed recommendations concerning the services' POMs. The unified CinCs have the opportunity to discuss with the Vice Chairman of the JCS their concerns and specific recommendations on the services' POMs and the potential affect on the CinC's ability to execute their mission requirements. The Vice Chairman and the Director of the J-8 Directorate return and report their findings of the CinCs concerns to the Joint Chiefs of Staff for their final review. The comments of the CinCs, the members of the Joint Chiefs, and the recommendations of the J-8

Directorate are forwarded to the Chairman for his ultimate decision as to inclusion into the CPA. This process is illustrated in Figure 7. [Ref. 10, p.41]

The CPA is typically not signed out by the Chairman of the Joint Chiefs until early October. The CPA summarizes the views of the Chairman on the balance, adequacy, capabilities, and risks of the POM force and recommends actions to improve overall defense capabilities within OSD fiscal guidance. Although the responsibility of the Chairman, the CPA reflects the inputs of the heads of the services, the unified CinCs, and the analytical staff of the J-8 directorate. It is by no means a consensus of these views however. The Chairman, especially in recent years, has recommended to the

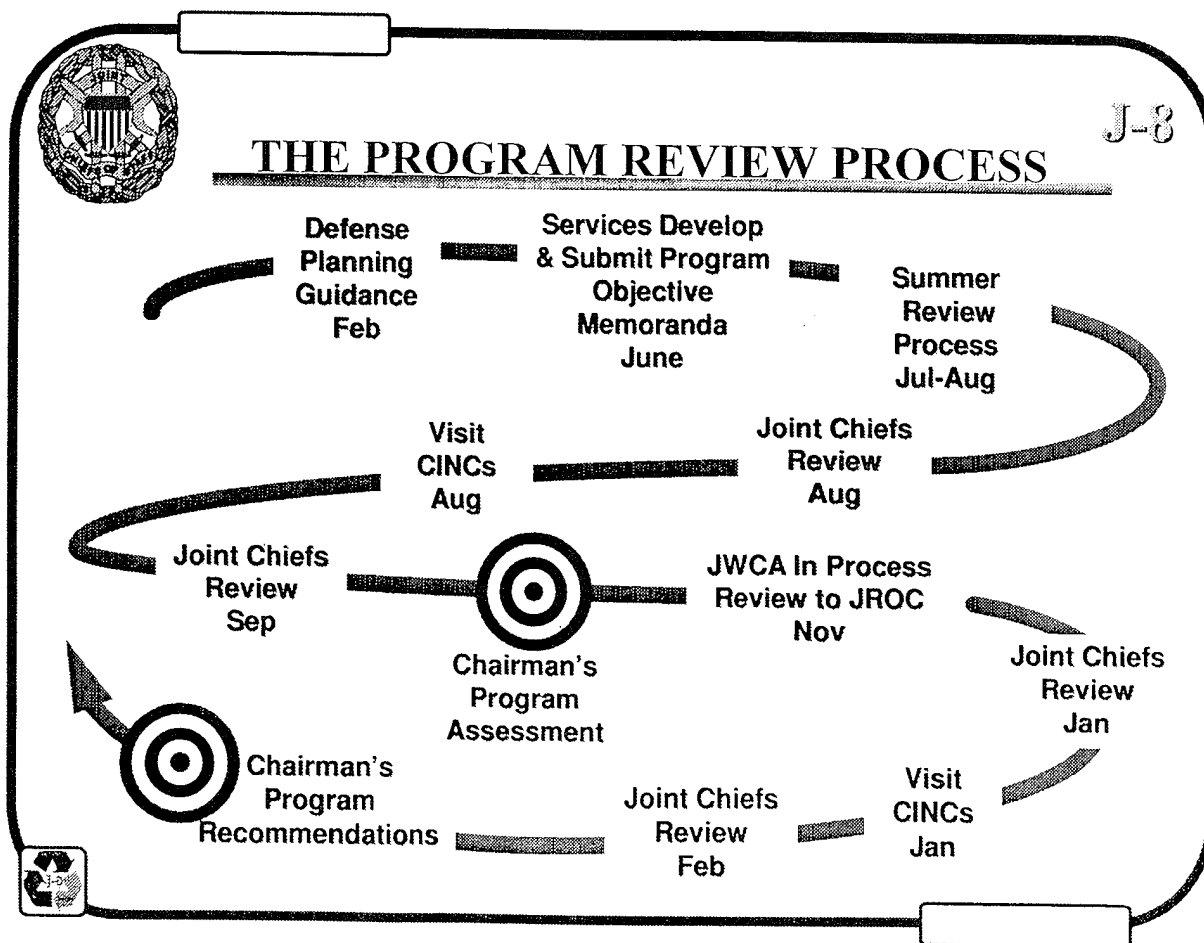


Figure 7. The Program Review Process. [From Ref. 10]

Secretary of Defense alternate programs that have crossed service lines and shifted resources within the department. The CPA identifies which of these recommendations differ from service programs and identifies the budgetary costs and savings associated with each of the recommendations. [Ref. 10, p.41]

The CPA is primarily developed during the Programming phase of the PPBS, however it has its most significant impact on the services' budgets submissions during the Budget Phase. The CPA is not created in a vacuum however. Interaction between the JCS, the Service Chiefs, the CinCs, and resource sponsors of the individual services continues throughout the CPA formulation. When the CPA is signed out, its contents are typically not a surprise to the services. Consequently, the services will adjust their POM submissions and OSD will change the Program Decision Memorandum to reflect CPA positions that are anticipated to be approved by the Secretary of Defense.

D. PPBS: THE BUDGETING PHASE

When the services receive the Program Decision Memorandum from the Secretary of Defense, the Budgeting phase of the Planning, Programming, and Budgeting System will formally commence. The Budgeting phase is led by the Assistant Secretary of Defense (Comptroller) who is responsible for ensuring the executability of the services' programs and that valid pricing assumptions were utilized.

The Budgeting phase starts when the services prepare their Budget Estimate Submissions (BES) from the PDM and submit them for analysis to the Office of the Secretary of Defense (OSD) and the Office of Management and Budget (OMB) during the Budget Review. From the Budget Review, OSD will submit Program Budget Decisions (PDB) back to the services so that may modify their BESs in accordance with OSD requirements for inclusion in the President's Budget. In this section, the Budget Phase of the PPBS will be examined with specific emphasis on the BES, the joint OSD/OMB Budget Review, and the role of the Chairman of the Joint Chiefs.

1. The Budget Estimate Submission

The Budget Estimate Submission represents the service's estimate of the cost of the POM as modified by the PDM. The BES is a detailed costing of the POM that is adjusted for the PDM and specifies the pricing and expected execution performance of each account. The BES concentrates on the first two years of the POM, but all years of the FYDP are adjusted to ensure they are using the most current cost factors (inflation rates, flight hour costs, etc.).

Accounts that are obligated over several years and tied to future appropriations are called investment accounts. These investment accounts are typically the procurement, military construction, and most Research and Development accounts in a service's BES. OSD will establish standard obligation rates for these accounts that specify the percentage amount by which they can be funded through all the POM years. [Ref. 11, p.35]

The services submit the BES to OSD in mid-September of the even Programming years. During non-Programming (odd) years, an amended BES is prepared that is a refinement of the President's Budget prepared the previous February. To meet the requirements of the joint OSD/OMB Budget review and Congressional guidance, the BES divides each program's funds into program element data which are in turn divided among the different appropriations.

2. The Budget Review

The Budget Review is a joint Office of the Secretary of Defense/Office of Management and Budget review of the services' BES inputs to ensure that programs and dollars are appropriately matched. This joint review is unique to the Department of Defense and consequently allows the defense budget to be one of the last executive department budget submissions to be received by the President. All other government agencies and departments must submit their budgets for review by OMB prior to inclusion in the President's Budget (PB).

The OSD/OMB documents that describe the final decisions on the DoD budget are called Program Budget Decisions (PBDs). A PBD provides alternatives to the services' proposals contained in the BES. Several hundred PBDs may be required to evaluate the entire DoD budget. OSD prepares draft PBDs, which adjust the services' BESs, and allows the services to reclamation the proposed adjustments. Since the lag between receipt and response on a draft PBD is only a couple of days, service points of contact must be proactive and work with the OSD PBD analyst to ensure accuracy of facts and premises. If the services are not successful in their reclamation, the specific item addressed by the PBD must be changed in the services' BES. [Ref. 11, p.36]

At the final review process, the Major Budget Issues (MBI) cycle offers the services one last opportunity to change the OSD/OMB recommended adjustments to their BES. MBIs are issues that if implemented have so serious an impact on the service that the Secretary of that Service feels the issues should be addressed by the Defense Planning and Resource Board. Since these issues are of such vital concern to the services, the DPRB typically does not decide on these issues but recommends a position to the Secretary of Defense for final resolution. [Ref. 11, pp.36-37]

Prior to the end of each calendar year, OSD submits the DoD budget request for OMB incorporation into the President's budget. In December of each year, the President makes final decisions concerning the budget he will submit to Congress during the first week in February. For the next several months, Congress reviews the federal budget where both authorization and appropriation legislation must be passed before the services have funds to operate in the new fiscal year.

3. The Role of the Chairman of the JCS in the Budget Phase

The primary role of the Chairman during the Budget phase is to ensure the services' Budget Estimate Submissions reflect requirements he has stipulated as necessary for implementation of his national military security strategy. He reviews all Program Budget Decisions that adjust the services BESs to ensure they are consistent with the Chairman's Program Assessment.

The effect of the CPA is most consequential during the Budget Review where its impact is seen in its influence of the PBDs. The CPA contains both the general statements outlining the Chairman's views of the proper program and budgeting strategy over the POM, and a number of specific program recommendations consistent with that strategy. During the formulation of the CPA, the services are typically aware of its potential contents and in many instances will update their BES's to reflect CPA positions. For those issues that are not changed in the BES, the Chairman will address his concerns with the Secretary of Defense and the Deputy Secretary of Defense through the DPRB where they will be resolved. The CPA has become the foundation for these high level deliberations, and its recommendations for alternative programs to the services' proposals the basis for the preponderance of PBD's issued by OSD. The impact of the CPA on the Budget Review is illustrated in Figure 8.

The Program and Budget Analysis Division (PBAD) of the J-8 Directorate of the Joint Staff works extremely closely with their OSD counterparts during the Budget phase. When PBDs are issued by OSD, their effect on the services' BESs are analyzed by PBAD to determine the overall affect on not only the single service's budget but also on the entire DoD budget. Resulting savings as a result of PBD action are identified and re-distributed to higher priority programs as specified by the CPA. [Ref. 9]

The Chairman also participates in the Major Budget Issue meetings to resolve significant resource allocation issues brought up by the services in his capacity as vice-chairman of the DPRB. Since these issues are of such a vital importance to the services, they are typically resolved in consultation with the service secretaries and the Secretary of Defense.

When the President's Budget is finally submitted to Congress, the Chairman prepares a Joint Military Net Assessment. This document provides an assessment of the force structure supported by the President's Budget and its affect on the national military strategy of this country. It is also a basis for the Chairman's Program Recommendations for the following POM cycle budget by addressing required capabilities that were not funded in previous budgets. [Ref. 10, p.53]

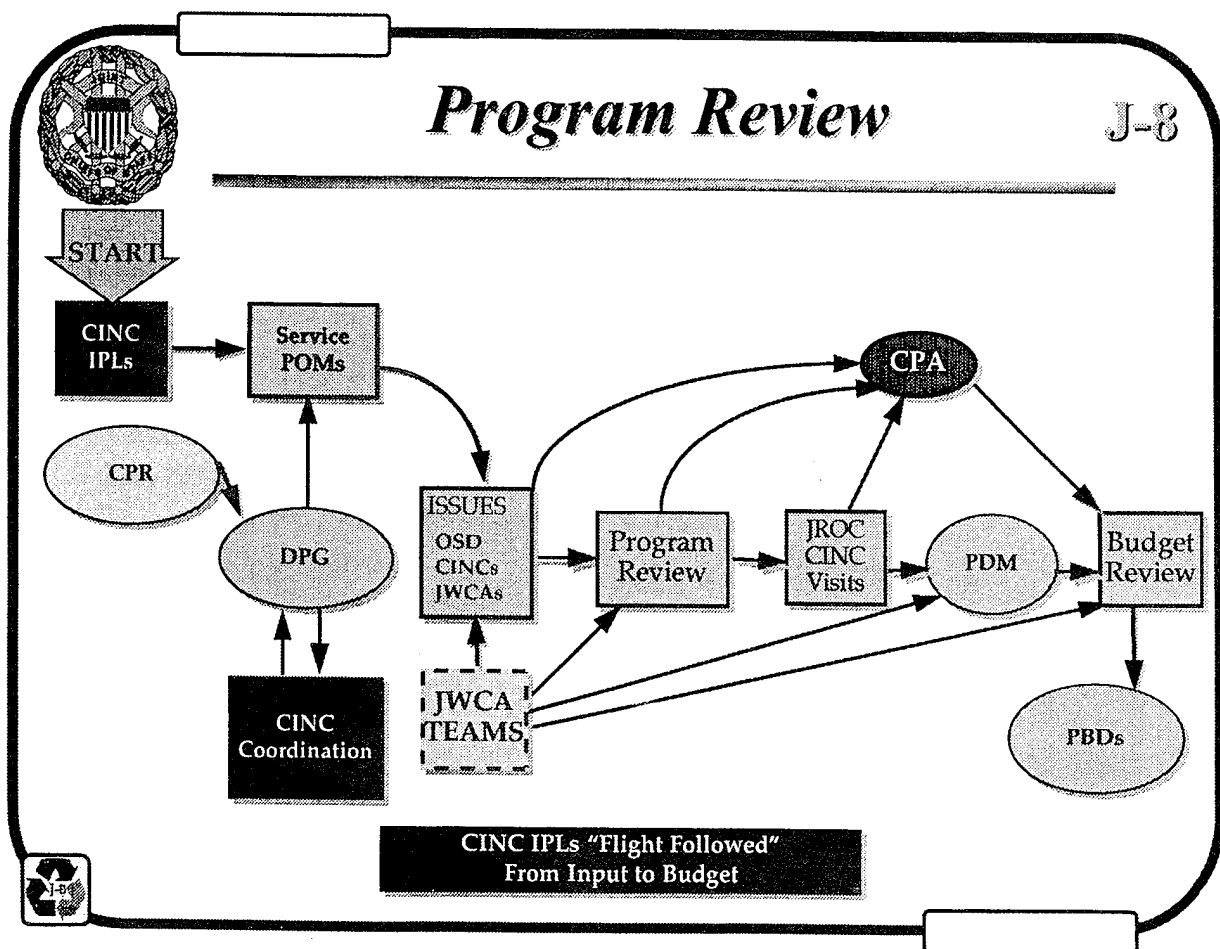


Figure 8. The CPA and the Budget Review Cycle. [From Ref. 10]

E. SUMMARY

The Goldwater-Nichols Defense Reorganization Act of 1986 significantly changed the role of the Chairman of the Joint Chiefs of Staff in the requirements generation and resource allocation process within the Department of Defense. His influence in the Planning, Programming, and Budgeting System is best characterized by the effects of his most recent Chairman's Program Assessment, issued in October 1995.

The CPA for POM 96-01 was the first to specifically call for the transfer of significant funding over the FYDP between programs. It identified redundant capabilities and recommended reduced funding levels across service lines on these programs. It

presented a very different view of the recapitalization of this country's force structure than the one that was in place previously. Taken in its entirety, the recommendations of the CPA for POM 96-01 required an adjustment of twelve percent of the projected defense budget over the FYDP period, the largest proposed change of service POMs ever advocated. The Secretary of Defense approved over ninety percent of the CPA funding modifications and issued PBDs to change the appropriate service BESs. [Ref. 13, p.20]

The analytical foundation for the CPA and CPR resides in the Joint Capability Assessment Process within the Joint Chiefs of Staff. The Joint Warfighting Capability Assessment process provides the basis for which resource allocation recommendations are made by the Joint Requirements Oversight Council. These recommendations, along with consultations with the unified CinCs, are the cornerstones of the CPA and CPR. Consequently, the JWCA process and the JROC recommendations have become key players in the way resources are allocated for national defense.

In Chapter IV, a detailed examination of the JWCA process and the effects of the JROC will be undertaken.

IV. THE JOINT WARFIGHTING CAPABILITY ASSESSMENT PROCESS AND THE JOINT REQUIREMENTS OVERSIGHT COUNCIL

The Joint Warfighting Capability Assessment (JWCA) process and the Joint Requirements Oversight Council (JROC) are integral parts of the requirements generation and resource allocation procedures for national defense. The JWCA process and the JROC have become extensively and directly involved in the identification and definition of joint warfighting issues and in formulating recommendations for programming and budgetary changes of service submissions to the Secretary of Defense. The Department of Defense has never had a formal process that involves such a broad array of senior military leadership in the determination of the relationships between joint warfighting capabilities and the process by which forces are created and equipped.

The Joint Requirements Oversight Council was initially created to monitor and advise the Joint Chiefs on the development and acquisition of large DoD weapons systems. It was established at the height of the Cold War to give the Joint Chiefs of Staff a vehicle to oversee the requirements process. As a result of the Goldwater-Nichols Defense Reorganization Act of 1986 and the lower defense budgets of the 1990s, the JROC has developed into the preeminent resource allocation organization within the Department of Defense.

The Joint Warfighting Capability Assessment process was developed to address joint warfare issues and to compare objectively, in both qualitative and quantitative terms, requirements across service lines. The JWCA (assessment) focus on key joint warfighting topics that are defined by the JROC and are of a technical, operational, and programmatic nature. The JWCA process has become the analytic foundation upon which the JROC bases its recommendations.

In this chapter, the JROC and the JWCA process will be examined and their affect on the resource allocation process within the Department of Defense will be presented.

A. THE JOINT REQUIREMENTS OVERSIGHT COUNCIL

The Joint Requirements Oversight Council emerged from a broadly based effort to change the role of the Joint Chiefs of Staff, expand the role of the Chairman, and alter the resource allocation process within the Department of Defense. Its origins can be traced to the late 1970s when a military reform movement was underway that focused on military operations and the way the DoD acquired weapons systems and equipment. It has evolved into the military organization connecting the Department of Defense's acquisition process and its central resource allocation apparatus, the Planning, Programming, and Budgeting System.

In this section, the origins of the JROC will be presented. Additionally, its recent history will be reviewed with particular emphasis on the evolutionary changes that have occurred within the last three years. Finally, the effects of the JROC on the Department of Defense's current resource allocation process will be examined.

1. The Origins of the Joint Requirements Oversight Council

During the late 1970s and early 1980s, there was considerable discussion within the Department of Defense, the Congress, and academia on the need to reform the process by which the DoD conducted military operations and acquired weapons systems. Two highly visible occurrences during this period fueled these discussions. First, the abortive Iranian hostage rescue attempt in 1980 caused many to question the manner in which this country's military forces operated. Secondly, the national press accounts of exorbitant spare parts costs for some of the uniformed forces front line weapons systems (e.g., the C-5A, F-15C, and P-3C aircraft) in the early 1980s gave rise to calls for reform in the way the Pentagon decided what weapons it should buy and the method it used to acquire them. [Ref. 13, pp.3-4]

In February 1982, then Chairman of the Joint Chiefs of Staff, General David C. Jones, criticized the lack of cross service perspective in military operations and resource allocations and argued for the Chairman to be the primary military advisor to the

Secretary of Defense and the President in both of these areas. He called for an entirely new senior military body to oversee resource allocation issues [Ref. 6. Pp.9-13]. In 1983, former Secretary of Defense Harold Brown echoed the views of General Jones on resource allocation within the DoD in a book he published after leaving the Pentagon. He stated that since the military services did not make decisions about how forces were used in combat, the warfighting unified Commanders in Chief in the field should be given a larger role in determining which weapons systems to acquire. He felt that the Joint Chiefs of Staff should be placed in a better position to represent the unified Commanders in Chief on resource allocation issues [Ref. 5, p.215]. Finally, Congressional interest in JCS reform grew steadily as they argued that operational and resource allocation problems within DoD were a result of an absence of a joint military perspective [Ref. 13, p.5].

As a result of these calls for reform in the resource allocation process in the Department of Defense, the Joint Chiefs of Staff created the Joint Requirements and Management Board in March 1984. The membership of the Board consisted of the four Vice Chiefs of the services, with the chairmanship of the board rotating among the four Vice Chiefs on a one year basis. Its charter was to advise the Joint Chiefs on the development and acquisition of large weapons systems. However, the Board failed to address the validity of major military requirements before their associated weapons systems entered the acquisition process. It instead acted as an information clearinghouse to acquaint the senior members of one military service with the major acquisition desires of the other services. [Ref. 7, pp.12-15]

In 1986, new DoD acquisition regulations required the Joint Chiefs of Staff to play a more active role in validating military requirements prior to a major weapon system entered the acquisition process. Prior to these new regulations, the military services could specify potential military requirements and consequently propose weapons systems to address this new requirement virtually unopposed. During the height of the Reagan buildup, the number of new weapons systems proliferated as the services found new ways to spend their new resources with little or no joint military oversight. The result was a military acquisition system that was overburdened with too many programs

and no formal evaluation or assessment of military requirements actually being met.

[Ref. 13, pp.5-6]

The solution devised in mid 1986 was to assign a senior military oversight body to provide early judgments as to which potential military requirements were to be validated by weapons systems entering the acquisition process. The Joint Chiefs of Staff renamed the Joint Requirements and Management Board the Joint Requirements Oversight Council (JROC) and assigned it this responsibility. The Goldwater-Nichols Defense Reorganization Act of 1986 created the position of Vice Chairman of the Joint Chiefs of Staff (VCJCS) and in April 1987, he was designated permanent Chairman of the JROC.

The JROC was accorded significantly more responsibility than its predecessor. The JROC was empowered to cancel or defer acquisition programs if the military requirement was not validated. It did this by being the governing military organization that validated an acquisition program's Mission Need Statement (MNS). The MNS is the document that establishes a proposed military requirement as a formal acquisition program. The JROC limited its review only to Major Defense Acquisition Programs (programs that initially carried an estimated development cost of more than \$355 million (FY 1995 dollars) or total procurement costs of more than \$2.1 billion). It had the authority to internally generate military requirements that were not developed by the military services and to recommend alternative acquisition programs to the Chairman of the Joint Chiefs of Staff to meet these requirements. [Ref. 13, p.6]

The appointment of the VCJCS to the permanent chairmanship of the JROC in April 1987 allowed for increased continuity in leadership of the Council. In an effort to bring the military requirements process closer to the weapons systems acquisition process, the VCJCS was also made vice chairman of the Defense Acquisition Board (DAB), the governing body within the Department of Defense that continually supervises weapons systems throughout the acquisition process. As the Vice Chairman of the DAB, the VCJCS was able to not only influence the military requirements process, but also the formal acquisition process for major weapons systems. The VCJCS influence in both the JROC and DAB is depicted in Figure 9.



Requirements and Acquisition J-8

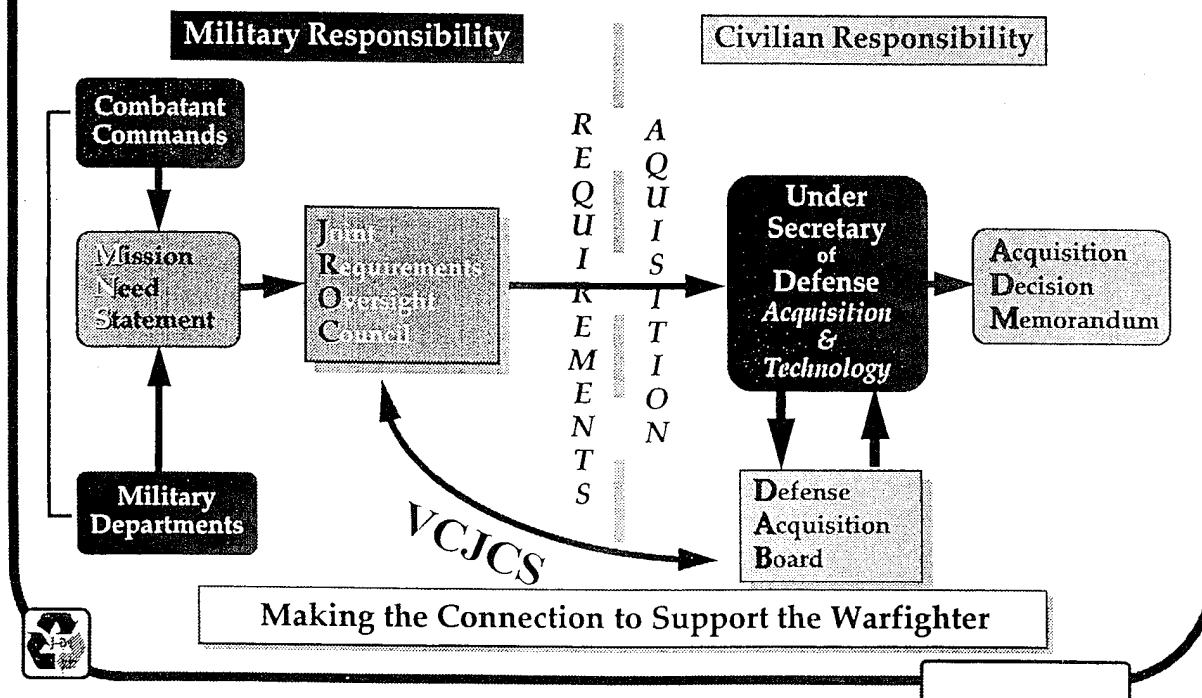


Figure 9. The VCJCS influence on the requirements and acquisition process.

[From Ref. 14]

The Joint Requirements Oversight Council has become the formal organization within the Department of Defense with the responsibility to validate major military requirements and their associated weapons systems. However, its effectiveness in influencing resource allocation issues was not immediately felt within DoD. In the next section of this chapter, the recent history of the JROC and its ability to influence resource allocation issues will be examined.

2. The Recent History of the JROC

The early history of the Joint Requirements Oversight Council was characterized by its lack of significant impact on the way resources were allocated within the Department of Defense. Although the JROC was clearly a more powerful organization than the Board it replaced, it played a relatively passive role in resource allocation issues the first few years after it was established.

The first Vice Chairman of the Joint Chiefs of Staff, General Robert Herres (USAF), was designated the first chairman of the JROC in April 1987. His tenure was marked by JROC approval of almost every Mission Need Statement that was submitted before the Council. Consequently, the JROC continued to allow the services to determine requirements and submit weapons systems through the formal acquisition process without much interference. [Ref. 4, p.71]

However, General Herres did establish two important precedents during his tenure as Chairman of the JROC that would later significantly impact the ability of the Joint Chiefs of Staff to influence resource allocation issues within DoD. First, he established the authority of the JROC chairman to determine which programs and issues the full Council would address. Secondly, he retained the authority to rule on the validity of the requirement after it had been discussed. For the first time, these two important precedents gave the organization of the Joint Chiefs of Staff and specifically the Chairman a potential avenue to influence how and where resources would be spent on national defense. But in practice, during this period the JROC retained its focus almost exclusively on influencing the acquisition vice the requirements process. General Herres rarely exercised his positional authority and allowed the services to continue their requirements generation and resource allocation practices as they had prior to the establishment of the JROC. [Ref. 13, pp.6-7]

The quiescent approach of the JROC in assessing requirements for the U. S. military changed in the early 1990s when Admiral David Jeremiah replaced General Herres as VCJCS. Admiral Jeremiah viewed the JROC's evolving role as that of being the primary proponent of new technology systems that would keep the U. S. military at

the forefront of emerging capabilities during the coming DoD budget decline. Although the JROC did not take the lead in defining military requirements, it did continue to devote most of its time to acquisition issues. However, their willingness to address the technological enhancement of the armed forces regardless of the lack of a definitive threat after the end of the Cold War changed the Council's role. This precedent changed the focus of the JROC from that of a senior military oversight committee that reacted to initiatives from the services to that of a much more active organization in shaping the size, composition, and orientation of the U. S. military. [Ref. 13, p.8]

The most notable change in the role of the JROC and its impact on resource allocation within the Department of Defense occurred with the appointment of Admiral William Owens as the Vice Chairman of the Joint Chiefs of Staff in April 1994. Acting quickly upon his appointment, Admiral Owens informed the services that he would be expanding the role of the JROC in assessing military requirements and in the Department of Defense's planning and programming processes. Additionally, he felt that the JROC should become the primary institution within the DoD that addressed core defense issues such as roles and missions of the services and the relationship between the Joint Chiefs of Staff, the individual services, and the Office of the Secretary of Defense on the broad topic of resource allocation.

Admiral Owens quickly increased JROC activity. Between April 1994 and February 1995 he incorporated four basic changes to the JROC that significantly affected its role in the requirements generation and resource allocation processes within the Department of Defense. The four changes are presented below.

- He quadrupled the number of JROC meetings and discussions by the members. By the beginning of 1995, the JROC members were spending more than fifteen hours together per week which included an unparalleled series of separate, off-site, all day discussions among the Council members and occasionally with the Joint Chiefs and unified CinCs.
- He linked the JROC discussions and activity with the concerns and warfighting requirements of the unified Commander-in-Chiefs. He

established regular visits to each unified CinC's headquarters and a JROC liaison office with each unified commander's staff.

- He established the Joint Warfighting Capability Assessment (JWCA) process that was to become the analytic foundation for JROC deliberations. (The JWCA process will be examined later in this chapter.)
- He integrated the JROC into the Planning, Programming, and Budgeting System. This was done in two areas. First he invited OSD participation into the JWCA process to increase the quality of the analytic efforts and assessments produced by the JWCA process. Secondly, he placed new emphasis on the Chairman's Program Assessment (CPA) and created a new document, the Chairman's Program Recommendations (CPR) to better integrate the JROC with the PPBS. [Ref. 13, pp.8-11]

The role the CPA and CPR took in the requirements assessment and resource allocation process within the Department of Defense was examined in Chapter III. The primary influences in the creation of these two documents is the JWCA process and the deliberations and conclusions reached by the JROC in consultation with the unified CinCs and Joint Chiefs. The CPR and CPA issued in February and October 1995 respectfully, were the first two documents that were significantly influenced by the JWCA process and the JROC. The CPR and CPA recommendations emphasized joint warfighting capabilities and were based largely on the consensus reached by the JROC members during their previous months of deliberations. These two documents were the first that no longer simply endorsed the services' Program Objectives Memorandums but offered true alternatives to the programs submitted by the services. A depiction of the JWCA process and the JROC integration with the PPBS is shown in Figure 10.

In the next section, the current status of the Joint Requirements Oversight Council will be examined and its influence on the Department of Defense's resource allocation process will be presented.

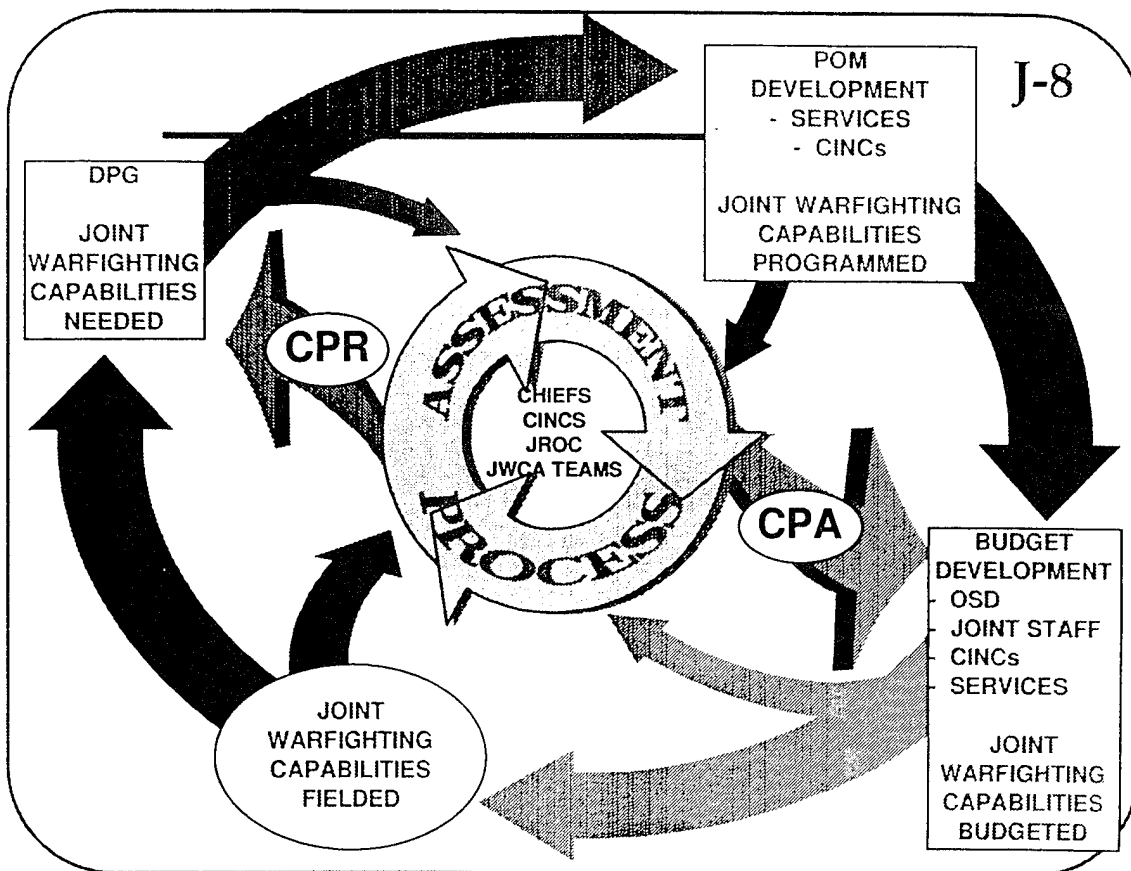


Figure 10. The JWCA process and JROC integration with the PPBS. [From Ref. 7]

3. The Current JROC Process

The four changes to the Joint Requirements Oversight Council introduced by Admiral Owens in 1994 had a major impact on the overall role of the JROC in the assessment of military requirements and the allocation of resources within the Department of Defense. The investment in time made by the Vice Chiefs of the services to the JROC deliberations has been considerable and resulted in a broad new consensus by the nation's senior military leadership on a wide array of issues. This consensus has been achievable only through extended candid discussions among the nation's four star leadership.

The current JROC process retains many of the characteristics of its earlier iterations. The JROC chairman remains the final authority for validating a military requirement and approving its commencement or continuation in the acquisition process. He determines what the agenda is for the Council and what capabilities are addressed by the JWCAs. And he determines which Major Defense Acquisition Programs are to be reviewed by the JROC.

But where previous versions of the JROC dealt more with the acquisition process, the current JROC is involved in discussions that are more programmatic in nature and therefore have a greater affect on the Planning, Programming, and Budgeting System. The JROC has become the mechanism that the Chairman utilizes to fulfill his roles as specified by the Goldwater-Nichols Defense Reorganization Act of 1986 to assess military requirements, advise the Secretary of Defense on requirements prioritization, and to submit alternative program and budget recommendations.

The current JROC has become the defining organization the Chairman employs to aide in the preparation of programmatic advice for the Secretary of Defense on how to best provide joint warfare capabilities for the armed forces. This requires a different perspective, much broader than what was utilized when the major orientation of the JROC was influencing the acquisition process. The programmatic advice contained in the CPR and CPA require assessments of the structure, capability, and size of the U. S. military given the fiscal constraints promulgated by the Secretary of Defense. It is cost driven and requires resource allocations across service lines. [Ref. 8]

The time spent discussing programming and budgeting issues by the JROC members is what distinguishes the current version of the JROC from its predecessors. Requiring the members to recommend alternatives across service lines requires the individual service Vice Chiefs not only to be familiar with their own service programs, but also to have a firm understanding of other service programs in order to make informed cross service resource tradeoffs. In effect, the VCJCS has asked the Vice Chiefs to become a corporate board of directors that will view the military requirements issue as a whole as opposed to the parochial interests of a single service. The resultant non-partisan recommendations should then best reflect what the requirements of the U. S.

military will be in the future versus what the requirements of a single service will be in the next program cycle. [Ref. 8]

The analytical foundation for the JROC deliberations has become the Joint Warfighting Capability Assessment process. The JWCA process has given the Vice Chiefs the unbiased background information necessary to make informed decisions and recommendations. In the next section of this chapter, the JWCA process will be examined and its impact on the requirements generation and resource allocation process utilized by the Department of Defense will be presented.

B. THE JOINT WARFIGHTING CAPABILITY ASSESSMENT PROCESS

The Joint Warfighting Capability Assessment (JWCA) process has become the analytical basis for the JROC deliberations. It is a cross service, programmatic focus on future joint warfare concepts and its analysis provides insights on how to generate joint military capabilities. The JWCA process is comprehensive in scope with an assessment team having the authority to view all aspects of a warfare capability across service lines.

The process itself is straightforward and is depicted in Figure 11. Warfighting areas are divided into ten integral elements that address a common warfare theme (e.g., strike, land and littoral warfare, strategic mobility and sustainability, command and control, etc.). Each warfare element is assigned an assessment (JWCA) team that is composed of officers from the services, OSD, defense agencies, CinCs, and the Joint Staff. Each assessment team analyzes specific warfighting requirements in each warfare area focusing on capabilities needed to satisfy these requirements. The warfighting requirements are then compared to the current weapons systems and programs of the service's capabilities. Each warfare area is assigned to an assessment sponsor within the Joint Staff to monitor the progress of each JWCA team and to coordinate their analysis with the services and various DoD agencies. The assessment sponsor is fully involved with all aspects of the analysis and the brief to members of the JROC. [Ref. 13, p.16]



Joint Warfighting Capability Assessment

J-8

- Inclusive Examination of Joint Warfighting Areas
- Comprehensive View of Intersecting Capabilities

Participants	Joint Staff	Services	OSD	CINCs	DoD Agencies	Others
Sponsors						
J8						
J8						
J4						
J8						
J5						
J6						
J6/J3						
J2						
J5						
J1/J3/J7						

JROC

Figure 11. The Joint Warfighting Capability Assessment process. [From Ref. 7]

The matrix that is depicted in Figure 11 is specifically designed to cut through the normal functional and service responsibilities within the Department of Defense. The intent of the process is to promote interaction between the members of the different services and numerous DoD agencies that typically do not interact on resource allocation issues and to work closely on identifying significant warfare requirements. The process gives the JWCA teams the ability to assess redundant capabilities within the services and various DoD agencies and to recommend different resource allocation options. The JWCA process has become the basis for alternative program and budget recommendations to the JROC. [Ref. 7]

It is important to note that the JWCA teams initially concentrate their analysis on desired warfare capabilities, not individual weapons systems. The capabilities that are to be analyzed are issued to the JWCA by the JROC in consultation with the warfighting CinCs. Formal contracts are signed by the chairman of the JROC directing the analytical efforts of the JWCA for six month periods. Clear definition of deliverables is included in the contracts in addition to special fiscal constraints (if applicable) the JWCA team must adhere to in building their analysis and recommendations. The products of the JWCA teams are then briefed to the JROC members at the conclusion of the six week cycle and to each of the unified CinCs during visits to their individual headquarters. The participants in the JWCA analysis are depicted in Figure 12. [Ref. 13, pp.16-18]

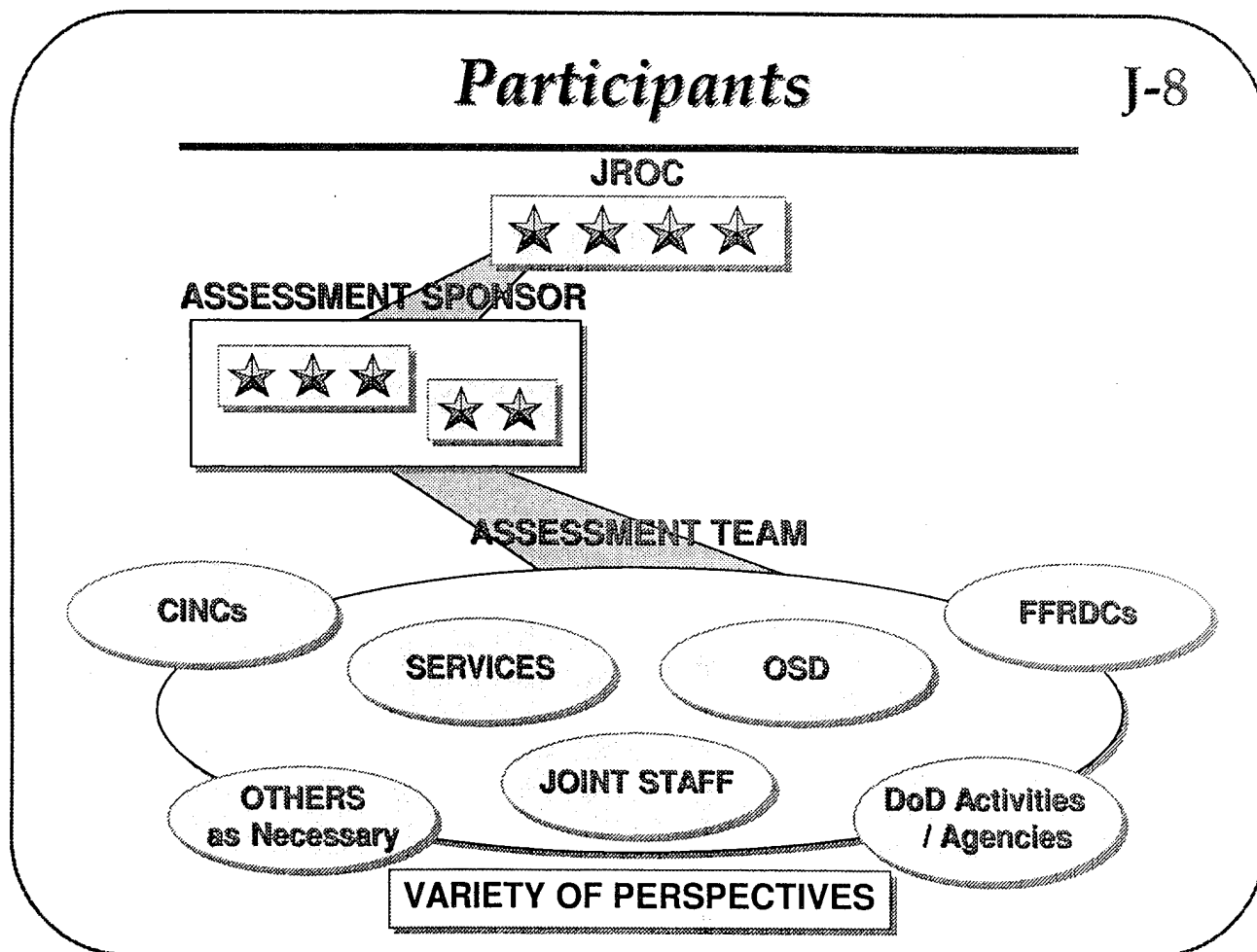


Figure 12. The participants in the JWCA process. [From Ref. 7]

The goal of the JWCA process is to provide the analysis by which the JROC can base programmatic recommendations to the Chairman. The JWCA process gets to the heart of joint warfighting requirements and issues and they evaluate alternative ways to address these desired capabilities so that informed recommendations can be made. They focus attention on intra-service disagreements relating to joint warfighting capabilities and allow the senior military leadership to resolve these disagreements in an informed manner. The JWCA process has also improved the understanding of the relationship between joint warfighting effectiveness and the cost of maintaining and equipping forces with the requisite capabilities.

C. SUMMARY

The Joint Requirements Oversight Council's position within the DoD requirements generation and resource allocation process became a matter of legal statute in January 1996. With the passage of the 1996 Defense Authorization Bill, Chapter 7 of Title 10, United States Code was amended to establish the Joint Requirements Oversight Council as a formal organization within the Department of Defense with the following mission.

- Assist the Chairman of the Joint Chiefs of Staff in identifying and assessing the priority of joint military requirements (including existing systems and equipment) to meet the national military strategy.
- Assist the Chairman in considering alternatives to any acquisition program by evaluating cost, schedule, and performance criteria of the program and of the identified alternatives.
- Assist the Chairman in assigning joint priority among existing and future programs [Ref. 7, p.21]

The implications of this change to U. S. Title 10 are significant and will change the way requirements are generated and resources are allocated within the Department of Defense. The programmatic focus of the JROC has influenced its two major products,

the CPR and CPA, and they are now significant factors in the formulation of the annual DoD budget. The JWCA focus on issues key to joint warfighting concepts and associated capabilities has led to better definition of requirements across service lines.

The extensive briefing process for the Council members and associated dialog with the warfighting unified CinCs has resulted in consensus by the nation's senior military leadership on the identification of desired capabilities that best address warfighting requirements. This consensus has in part overcome service parochialism in the allocation of resources and can be directly traced to the evolution of the Joint Requirements Oversight Council.

In the final chapter of this thesis, the findings and conclusions of this effort will be presented.

V. CONCLUSIONS AND FINDINGS

The Joint Warfighting Capability Assessment (JWCA) process and the Joint Requirements Oversight Council (JROC) represent the first significant innovations to the Planning, Programming, and Budgeting System (PPBS) since its inception in the 1960s by Secretary of Defense Robert McNamara. The JWCA process and the resultant JROC recommendations were each a direct result of the provisions of the Goldwater-Nichols Defense Reorganization Act of 1986. In effect, they have both emerged as true alternatives to the overarching Office of the Secretary of Defense (OSD) led programming and budgeting processes that have been in place for over thirty years. This innovation has occurred at a time when there is considerable pressure from within the U. S. military to carefully allocate its resources due to the post Cold War drawdown effect on the Defense budget.

Both the existing PPBS and the emerging JROC influence on Department of Defense resource allocation have the same objective; specifically, to reconcile the parochial interests of the separate military services to produce an overall national defense capability that is better than the sum of the separate service capabilities. Prior to the PPBS, the national military strategy was mainly influenced by the military capability that each service was able to field. There was extremely little emphasis placed by the services on joint interoperability and consequently, the individual services exercised considerable autonomy in how they allocated resources. [Ref. 14]

The Planning, Programming, and Budgeting System brought to the Department of Defense centralized planning with regards to resource allocation. Its basic underlying assumption was that senior military leaders were unable to make cross service tradeoffs because the years spent within their own service's had institutionalized them against making such tradeoffs. In Secretary of Defense McNamara's view, senior military professionals tended to see resource allocations as a zero sum game and were predisposed against cross service shifts in funding. He felt that this tendency necessitated a mechanism that brought these cross service tradeoffs *outside* the military structure. Consequently, he strengthened his own organization, the Office of the Secretary of

Defense and designed the basic characteristics of the PPBS to facilitate these tradeoffs. [Ref. 13, p.21]

Subsequent PPBS modifications by later administrations never challenged this basic underlying assumption. The Goldwater-Nichols Act first gave hint to an alternative process, but in the years that immediately followed its passage there was little change to the way the PPBS determined the allocation of resources. The effects of Goldwater-Nichols were largely seen in the operational arenas and did not start to influence resource allocation issues until after the end of the Cold War and the concomitant, smaller defense budgets of the mid 1990s.

The JWCA process and the JROC system of influencing resource allocation issues are based on a supposition that is completely different from that of former Defense Secretary McNamara. The basic underlying assumption of the JROC system is that senior military leaders, when acting as members of a governing council much like a corporate board of directors, can make cross service shifts in funding to achieve a better overall national defense capability. This can be done while still fulfilling their responsibilities and obligations as defenders of their services' interests. The JROC system places these cross service tradeoffs back *inside* the military structure where better informed, (through the JWCA process and frequent unified CinC inputs) cogent senior military leaders can reach consensus on critical requirement, capability, and resource issues. [Ref. 14]

"Having the right people address the right issues, over the right amount of time," is the core principle of the new JROC system according to James Blaker, senior advisor to the VCJCS [Ref. 14]. The discussions within the JROC by the members have been candid, sometimes heated, and increasingly in depth and detailed. They have focused on the broad implications of a service's or CinC's perceived requirement to the overall military capability of this country's armed forces. And most importantly, the JROC has addressed cross service tradeoffs when a particular capability is desired but lower defense budgets preclude it without the loss of similarly funded force structure.

The important issue facing this change in the resource allocation process within the Department of Defense is whether the new JROC system makes a tangible difference

in the way resources are allocated for national defense. The effects of the new JROC system on Fiscal Years 1995 and 1996 will be presented in the next section of this chapter.

A. RECENT IMPLICATIONS OF THE JROC SYSTEM

The inputs provided by the Joint Requirements Oversight Council have influenced two iterations of the Chairman's Program Assessment (CPA). The CPA has become the key document that influences the programming and budgeting processes of the services. No longer the blind endorsement of the services' programs that it once was, it has become the JCS vehicle wherein alternative programs to the services' proposals are recommended to the Secretary of Defense.

The first CPA sent to the Secretary of Defense in October 1994 called for \$8 billion in additional funding across the Future Years Defense Program (FYDP), mostly in the form of a higher pay raise for military personnel. Only \$4 billion was targeted for reprogramming among the services, an amount that was less than one tenth of one percent of the FYDP total. While the amount shifted was not significant, the precedent it set was. For the first time since the passage of the Goldwater-Nichols Defense Reorganization Act of 1986, the Chairman of the Joint Chiefs of Staff exercised his authority to recommend alternative programs to the services' inputs. [Ref.13, p.19]

The CPA of October 1995 recommended even further shifting of funds between the services. Major weapons systems programs were terminated and others fully funded as a direct result of CPA recommendations. The EF-111A aircraft was terminated and the mission shifted to Navy EA-6B squadrons. The Unmanned Aerial Vehicle (UAV), MILSTAR II satellite communication system, a new combat identification system for all tactical aircraft, and the Automatic Target Recognition System for Air Force aircraft were all examples of programs that were fully funded in the CPA at the expense of other similarly funded programs. These cross service tradeoffs were identified by the JROC and included in the CPA that was forwarded to the Secretary of Defense. In total, the

adjustments across the FYDP required an almost twelve percent shift in funds from the requested programs of the services. [Ref. 10, p.45]

The emergence of the CPA as a major determiner in resource allocation issues within the Department of Defense is a testimony to the importance of the JROC system. The recommendations to shift tens of billions of dollars across service lines came as a result of the consensus reached by members of the JROC during their deliberations. It has proven that senior military leaders can make cross service shifts in resources in order to provide a joint perspective in desired military capabilities and that these shifts amount to significant adjustments to the Defense budget.

B. CONCLUSIONS

Since the passage of the Goldwater-Nichols Defense Reorganization Act, the Chairman's role in the requirements generation and resource allocation process has continually expanded. His views on what joint warfare concepts and capabilities the services should program and budget for are reflected in what has become his two most important programmatic documents, the Chairman's Program Recommendations and the Chairman's Program Assessment.

The significance of the Joint Requirements Oversight Council is that it has given the Chairman of the Joint Chiefs of Staff the vehicle to influence the resource allocation process within the Department of Defense. According to Dr. David Chu, former Assistant Secretary of Defense for Program Analysis and Evaluation, this expanded influence has come at the expense of the Office of the Secretary of Defense. The JROC's ability to accrete consensus among the military's senior leadership on resource allocation issues is unrivaled in the recent history of this country's armed forces. This consensus by the heads of each of the services on critical defense resource issues makes it extremely difficult for the Secretary of Defense, the Congress, and even the Administration to neglect. [Ref. 15]

With only two iterations of this new influence by the Joint Chiefs of Staff on the resource allocation process completed, it is still too early to draw any lasting conclusions on what the long term impact of the Chairman's expanded role and the Joint Requirements Oversight Council will be. However, the last two years have strongly suggested that the senior military leadership of this country can make the cross service tradeoffs of resources necessary to maintain this influence. Additional research in this area, especially with regards to the specific impact of the CPR and CPA, will be warranted in the future to assess their impact in the allocation of resources for national defense.

LIST OF REFERENCES

1. Fulghum, David A., "Two-War Strategy May be Abandoned," *Aviation Week and Space Technology*, Vol. 144, No. 5, January 29, 1996.
2. The Joint Chiefs of Staff, The Force Structure, Resources, and Assessment Directorate (J-8), *A Briefing on the Joint Requirements Oversight Council and the Joint Warfighting Capability Assessment Process*, January, 1996.
3. The Joint DoD/GAO Working Group on PPBS, *The Department of Defense's Planning, Programming, and Budgeting System*, Washington, DC, 1983.
4. Meeham, Robert P., *Plans, Programs, and the Defense Budget*, National Defense University Press, 1985.
5. *Organizational Development of the Joint Chiefs of Staff, 1942-1989*, Washington DC, 1989.
6. Brown, Harold, *Thinking About National Security: Defense and Foreign Policy in a Dangerous World*, Westview Press, 1983.
7. Jones, Gen. David C., "Why the Joint Chiefs of Staff Must Change," *Directors and Boards*, Winter 1982.
8. Interview with CAPT. Daniel Bowler, Joint Chiefs of Staff, Force Structure, Resources, and Assessment Directorate (J-8), Deputy Director for Joint Warfighting Capability and Assessment, 6 February, 1996.
9. Interview with CAPT. Albert T. Church, Joint Chiefs of Staff, Force Structure, Resources, and Assessment Directorate, Director, Program and Budget Analysis Division, 7 February, 1996.
10. The Joint Chiefs of Staff, The Force Structure, Resources, and Assessment Directorate (J-8), "The CinC's Role in PPBS," *A Briefing to the Army Management Staff College*, 15 February, 1996.
11. Department of the Air Force, Director of Programs and Evaluation, *PPBS Primer*, 7th edition, May 1993.
12. The Joint Chiefs of Staff, "The Evolution of the Joint Strategic Planning System, 1947-1989," September, 1989.
13. The Joint Chiefs of Staff, "JROC, Planning in a Revolutionary Era," *Memorandum for the Distribution List* February, 1996.

14. Interview with Dr. James Blaker, Joint Chiefs of Staff, Senior Advisor to the Vice Chairman of the Joint Chiefs of Staff, 9 February, 1996.
15. Interview with Dr. David Chu, Former Assistant Secretary of Defense for Program Analysis and Evaluation, 8 May, 1996.

INITIAL DISTRIBUTION LIST

- | | |
|---|---|
| 1. Defense Technical Information Center
8725 John J. Kingman Rd., STE 0944
Ft. Belvoir, VA 22060-6218 | 2 |
| 2. Dudley Knox Library
Naval Postgraduate School
411 Dyer Rd.
Monterey, CA 93943-5101 | 2 |
| 3. Dr. Jerry L. McCaffery, Code SM/MM
Department of Systems Management
Naval Postgraduate School
Monterey, CA 93943-5103 | 1 |
| 4. Professor John E. Mutty, Code SM/MU
Conrad Chair of Financial Management
Department of Systems Management
Naval Postgraduate School
Monterey, CA 93943-5103 | 1 |
| 5. CDR Gabriel R. Salazar
Executive Officer
Patrol Squadron Nine (VP-9)
FPO AP 96601-5905 | 2 |
| 6. Dr. Michael G. Sovereign, Code CC/SM
C3 Group
Department of Operations Research
Naval Postgraduate School
Monterey, CA 93943-5103 | 2 |
| 7. Dr. Paul M. Stockton, Code NS/SC
Department of National Security Affairs
Room G-310
Naval Postgraduate School
1411 Cunningham Road, Bldg. 302
Monterey, CA 93943-5100 | 1 |
| 8. CAPT. Daniel Bowler
Deputy Director for Joint Warfighting Capability Assessment
8000 Joint Staff, Pentagon
Washington, DC 20318-8000 | 1 |